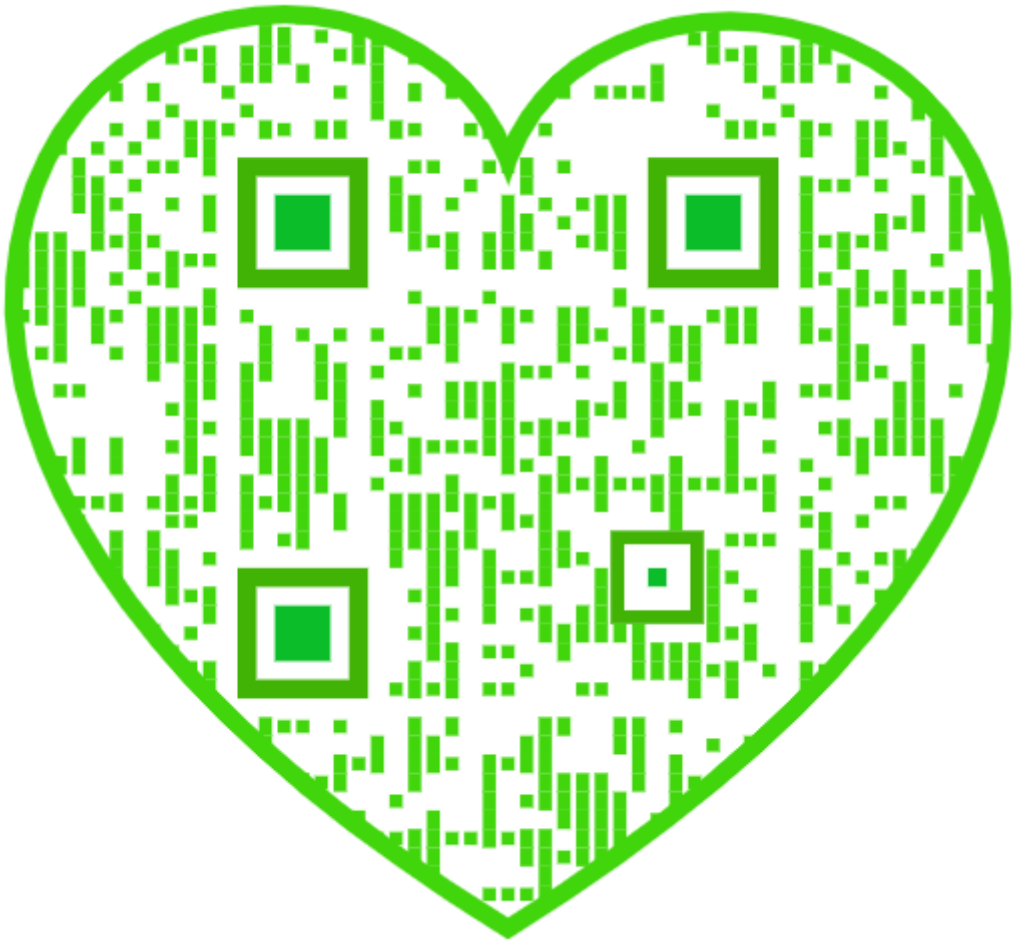
UC-NRLF
$B 37 560

BOOKKEEPING
BANKING

GEORGE W. MINER

GINN AND COMPANY

YC 24012



MOORE AND MINER SERIES

BOOKKEEPING

BANKING

BY

GEORGE W. MINER

UNIV. OF CALIFORNIA

GINN AND COMPANY
BOSTON · NEW YORK · CHICAGO · LONDON

HG1707
.M5

COPYRIGHT, 1902, 1903, BY
JOHN H. MOORE AND GEORGE W. MINER

COPYRIGHT, 1913, BY
GEORGE W. MINER

ALL RIGHTS RESERVED

313.1

TO MIN
ANNOTA

The Athenæum Press
GINN AND COMPANY · PROPRIETORS · BOSTON · U.S.A.

PREFACE

As banking is a highly specialized subject, it is treated in a separate book. A reference to the Contents will show the practical character of the work presented.

The revised edition has been read in manuscript by George E. Allen, educational director of the American Institute of Banking, and O. Howard Wolfe, secretary of the Clearing House Section of the American Bankers' Association, both of New York City. The helpful and valuable suggestions which they have given increase the value of the text both theoretically and practically.

324922

CONTENTS

	PAGE
BANKS AND BANKING	1
Utility of Banks	1
National Banks	2
Powers of and Restrictions on National Banks	6
National Bank Officers and Clerks	7
Opening Entries of a National Bank	8
Trust Companies	10
State Banks	11
Private Banks	12
BANK BOOKKEEPING	14
Work of the Discount Clerk	15
Work of the Collection Clerk	21
Work of the Receiving Teller	27
Work of the Paying Teller	31
Work of the Note Teller	37
Work of the Correspondence Clerk	40
Work of the Individual Bookkeeper	46
Work of the General Bookkeeper	50
The Clearing House	82
Letters of Credit	91
APPENDIX A	95
Notes on Forms of Record	95
Reconcilement Form	97
Certificate of Protest	98
Notice of Protest	99
APPENDIX B	100
Commercial Terms defined	100
INDEX	103

UNIV. OF CALIFORNIA

BOOKKEEPING

BANKS AND BANKING

THE UTILITY OF BANKS

A **Bank,** in its simplest form, is an institution for the safe-keeping of money; but the commercial bank of to-day is designed to render the public many varied and important services.

The general utility of commercial banks may be stated as follows:

1. They provide a place for the safe-keeping of money and securities.

2. They afford a business man an opportunity to borrow money to carry on his enterprises while his capital is locked up in merchandise or in the hands of his debtors. The credit of many mercantile houses is worth as much to them as the capital they possess.

3. They save the transmission of money from one place to another, thus avoiding great risks and keeping money in more active circulation.

Settlements are effected by issuing to customers (*a*) bankers' drafts; (*b*) bills of exchange; (*c*) letters of credit.

4. They facilitate the payment of bills by permitting money deposited to be withdrawn upon a simple order called a *check*. This check when issued serves the business man in various ways, as follows:

a. It saves time in paying large sums of money.

b. It obviates the risk that attends the handling of money.

c. It constitutes a record of expenditures and furnishes the business man convenient data from which to make entries in his books.

d. When the check is canceled it serves the purpose of a receipt.

Fully 90% of bank bookkeeping grows out of the use and collection of checks and other negotiable instruments.

5. By issuing letters of credit they afford people who travel a means of securing money in distant places without risk.

6. They afford excellent facilities for the collection of negotiable paper, — bills, notes, bonds, coupons, etc.

7. They are often a source of useful business information pertaining to investments and other matters.

8. They are a means of organizing capital.

9. They tend to encourage thrift, honesty, and punctuality.

Sources of a Bank's Profits. — The principal sources of a bank's profits may be specified as follows:

1. Money earned for discounting business paper and from lending money on good security. The available funds of a bank for lending purposes accrue from

a. Amounts paid in by stockholders.

b. Amounts deposited by individuals, corporations, bankers, etc.

c. Accumulated surplus.

2. Charges for collecting notes, drafts, etc.

3. Interest upon bonds deposited with the United States Treasurer to secure circulation, if it is a national bank.

4. Fees for issuing drafts, bills of exchange, etc.

5. Profit on circulation, if it is a national bank.

Sources of a Bank's Expenses. — The principal sources of a bank's expenses may be specified as follows:

1. Interest on special deposits.

2. Fees for collecting foreign paper.

3. Taxes.

4. Salaries and various other office expenses.

Kinds of Banks. — Banks may be classified as follows: 1. National. 2. State. 3. Private.

NATIONAL BANKS

Distinguishing Features. — Some of the distinguishing features of a national bank may be stated as follows:

1. It is organized under the National Bank Act.

NOTE. — Authentic information with reference to the organization of national banks may be obtained upon application to the Comptroller of Currency, Washington, D.C., for a copy of each of the following pamphlets: "National Bank Act" and "Instructions Relative to the Organization and Management of National Banks." These pamphlets contain valuable suggestions for all interested in the business of banking. The Comptroller has also published a valuable book entitled "National Bank Act as Amended."

2. It is always an incorporated institution.

3. It has general authority to issue circulating notes as well as to conduct an ordinary banking business.

4. It is under the direction of the Comptroller of Currency.

5. Its general methods of conducting business are consistent with those of every other national bank in the United States.

6. Its stockholders are liable for twice the amount of their subscription; that is, in case a bank fails and is in need of funds to meet its liabilities, a stockholder who owns $5000 worth of stock is liable to the Comptroller to the amount of $5000 in cash in addition to the loss of his stock.

7. A definite proportion of its stock must be invested in United States bonds.

8. It must have at all times on hand an available lawful money reserve. This amount ranges from 15% to 25% of its deposits, depending upon the city in which the bank is located.

9. It must form a surplus fund. Before making a dividend it must carry to its surplus fund one-tenth of its net profits since the last preceding dividend, until the fund shall amount to at least 20% of the capital stock, thereby establishing a reserve fund from which losses may be met.

Organization of a National Bank. — The successive steps required to organize a national bank, together with the prescribed forms of articles of association and by-laws, are given in the pamphlets referred to on page 2.

A summary of the necessary steps may be given as follows:

1. There must be at least five persons. Corporations, etc., cannot become organizers of a national bank.

2. No national bank can be organized with a capital smaller than $25,000. The minimum capital stock with which a national bank may organize varies with the size of the town or city; as:

a. Minimum capital for banks organized in towns with a population of not over 3000, $25,000.

b. For towns with a population of not more than 6000, $50,000.

c. For towns or cities with a population of more than 6000 and less than 50,000, $100,000.

d. For towns or cities with a population of 50,000 or more, $200,000.

3. A paper is prepared, which it is expected people will sign, stating the amount of capital it is desired to raise and the number and value of the shares. This paper is circulated until the requisite amount is subscribed.

4. A name must be selected. This may be any name that does not conflict with one already in use in that particular town or city.

5. Written application is made to the Comptroller of Currency at Washington, giving:

a. The name and location of the proposed bank.

b. The amount of the capital stock.

c. The names of at least five persons who are to be stockholders.

6. If the application receives the Comptroller's approval, the subscribers unite in *Articles of Association.*

7. Having executed the articles of association, the stockholders then execute a paper entitled *Organization Certificate.* This certificate definitely specifies:

a. The name and location of the association.

b. The capital stock.

c. The names and residences of the stockholders and the number of shares held by each.

d. A general statement as to why the certificate is made.

8. The Organization Certificate is then signed, acknowledged, and filed with the Comptroller.

9. The stockholders meet and elect directors. To be eligible as a director a stockholder must

a. Be a citizen of the United States.

b. Own at least 10 shares of the capital stock of the bank if the capital exceeds $25,000; if it does not, he must own at least 5 shares.

c. Three-fourths of the directors must have resided in the state in which the association is located for a year or more preceding their election; they must also continue to reside there while they remain in office.

10. The directors then proceed to elect a president, a vice president, a cashier, etc., and call in at least 50% of the capital stock.

NOTE. — Fifty per cent of the capital stock of a bank must be paid in before the Comptroller will give it authority to commence business, and the remainder must be paid in in five equal monthly installments. Thus the entire capital stock must be paid in within six months from the time the bank is authorized to commence business. In many cases a surplus fund is created by the payment of an additional sum, this surplus fund serving to enhance the bank's credit and stability.

11. Another certificate is then made and sworn to by a majority of the directors. This paper certifies the following:

a. The amount of paid-in capital.

b. The name, residence, and number of shares of each stockholder.

c. That the bank has complied with the various requirements of the National Bank Act.

12. A portion of the capital stock must then be invested in United States bonds and deposited with the Treasurer of the United States. This amount varies; as:

a. It cannot be less than one-fourth of the capital stock if the capital stock is $150,000 or less.

b. If the capital stock is more than $150,000, $50,000 in bonds must be deposited.

13. After the Comptroller has given authority for the bank to do business, a code of by-laws is adopted for the government of the bank.

14. If the Comptroller is assured that all the requirements of the law have been executed, he will give to the bank a certificate stating that it is authorized to commence business. This certificate must be published in the town or the city in which the bank is located, for sixty days or more after it is issued.

Circulating Notes of a National Bank. — Whether a bank avails itself or not of the privilege of taking out circulating notes, the law requires the above-mentioned deposit of United States bonds. Having complied with the law in depositing bonds, a national bank is entitled to receive its circulating notes, equal in value to the par value of the bonds deposited, unless the bonds should be below par, in which case it may receive circulating notes for only the market value of the bonds.

A national bank is not required to take out circulating notes; but having invested a part of its capital in the above manner, it is usually desirous of utilizing its credit by getting as many notes as the law permits. The profits on these circulating notes consist of the interest at the current rate on the amount invested, plus about 1% or 2% on the capital employed.

Tax on Circulation. — A national bank is required to pay to the Treasurer of the United States a tax of $\frac{1}{4}$% each half year upon the average amount of notes in circulation, secured by 2% gold bonds, or Panama Canal bonds. Circulating notes secured by all other classes of bonds are subject to a semiannual tax of $\frac{1}{2}$%.

Interest on United States Bonds. — The Comptroller authorizes the payment of interest on the bonds deposited to the bank depositing them. From this income to the bank no deduction is made for taxation, since United States bonds are exempt from taxation.

Redemption Fund with the United States Treasurer. — National banks are required to keep at all times on deposit with the Treasurer of the United States 5% of their circulation. This fund is to be held and

used by the Treasurer for the redemption of worn, mutilated, or defaced national bank notes that may be received from time to time and redeemed in sums of $1000 or any multiple thereof.

CORPORATE POWERS OF AND RESTRICTIONS ON NATIONAL BANKS

The **Powers** possessed by national banking associations may be enumerated as follows:

1. To adopt and use a corporate seal.

2. To have succession for twenty years, unless sooner voluntarily dissolved or their franchises become forfeited by some violation of law.

3. To sue and to be sued.

4. To elect and appoint directors, and by the directors to appoint a president, cashier, etc.

5. To adopt necessary by-laws not inconsistent with law.

6. To make contracts.

7. To exercise by the directors such incidental powers as may be necessary to carry on the general business of banking, such as discounting paper, receiving deposits, loaning money on personal security, buying and selling exchange, etc., obtaining and issuing circulating notes.

The **Principal Restrictions** placed upon national banking associations may be enumerated as follows:

1. National banks can hold real estate on the following conditions:

a. Such as may be needed for their immediate accommodation in the transaction of business.

b. Such as may be mortgaged or conveyed to them in good faith by way of security for debts previously contracted.

c. Such as they shall purchase at sales under judgments, etc., held by the association.

Possession of real estate under mortgage, or title and possession of any real estate purchased to secure debts due to national banks, cannot be held for a longer period than five years.

2. No increase or reduction of the capital stock of national banks can be made without the approval of the Comptroller. No increase is valid until the full capital stock has been paid.

3. They are prohibited from loaning a person or a firm an amount exceeding one-tenth part of their capital and surplus, providing the amount loaned does not exceed 30% of the capital. This restraint is to prevent excessive loans, which always impair the general usefulness of a bank.

4. They cannot use their own circulating notes to pay for or increase their capital stock.

5. They are expressly prohibited from certifying a check in excess of a depositor's account.

6. They may not establish branches.

NATIONAL BANK OFFICERS AND CLERKS

Officers. — The officers of a national bank are chosen by the board of directors to superintend and direct its affairs. These are usually:

President.
Vice President.
Cashier.
Assistant Cashier.

Clerks and Employees. — Among the clerks and employees of a bank are: receiving teller, paying teller, note teller, general bookkeeper, individual bookkeeper, discount clerk, collection clerk, correspondence clerk or transit manager, runner, porter, watchman, and such other assistants as the character and extent of the business may demand.

The **President** is the official head of the bank. The bank is dependent upon him for its standing, and it is therefore important that he should be a man of honor and integrity, with a very considerable knowledge of men and financial affairs. He should, by considerate action, by an accurate knowledge of character, by a keen interest in the movements of trade, have under his command all the forces that tend to enhance his bank's interests. His most important duties may be specified as follows:

1. To preside at all the meetings of the board of directors.

2. To furnish such information concerning the bank's transactions as may be desired by the directors.

3. To adopt a policy which will govern the bank in its operations.

4. To be influential in securing depositors.

5. To sign circulating notes and certificates of stock.

6. To be alert in watching the loans of the bank to see that they do not go beyond safe limits.

The **Vice President,** in the absence of the president, takes his place and performs the duties of the office. In some of the larger banks of the country this officer shares the responsibility of the president and aids in extending the efficiency of the bank's service.

The **Cashier** ranks next to the president and the vice president, and has certain duties to perform. These duties are mentioned in the law under

which the bank exists. His most important duties may be stated in a general way as follows:

1. He acts as secretary of the board of directors and keeps a record of all business transacted at their meetings.

2. He supervises various departments of work and sometimes employs clerks and prescribes their duties.

3. He conducts the correspondence of the bank.

4. He signs certificates of stock and circulating notes.

5. He pays out the bank's funds and borrows money in the name of the bank.

6. He indorses all paper that is sent away for collection.

7. He signs the checks of the bank and draws drafts on correspondents.

8. He may indorse the bank's paper for the purpose of securing loans.

9. He should aim to build up the business of the bank and commend it to public favor.

The **Assistant Cashier** is employed only in the larger banking institutions of the country. His official signature is recognized in everything the same as the cashier's, except in the bank's reports to the Comptroller of Currency. He assists in performing any of the duties ordinarily devolving upon the cashier.

PROPOSITIONS ILLUSTRATING THE OPENING ENTRIES OF A NATIONAL BANK

1. (*a*) A national bank is organized with a capital stock of $300,000. (*b*) The capital stock is fully paid in. (*c*) Also a surplus fund of $50,000 is created and paid. (*d*) United States bonds with a par value of $100,000 are purchased for $101,500 cash. (*e*) Circulating notes to the extent of $100,000 are received from the Comptroller of Currency and duly signed. (*f*) $5000 is forwarded to the Treasurer of the United States, as provided by banking laws, to redeem worn-out and mutilated circulating notes. (*g*) Disbursements ordered by the board of directors amount to $2900.

Required the necessary opening entries. Give them in ordinary journal form.

To the Student. — The above proposition gives a statement of the usual transactions resulting from the organization of a national bank. If you have the successive steps of organization well in mind you are now ready to study the following entries. To show the various debits and credits, the entries are all given in journal form. After a careful study of the entries for proposition No. 1, take a sheet of journal paper and make the entries for proposition No. 2.

NECESSARY ENTRIES

(*a*)		
Subscription	$300000	
To Capital Stock		$300000
(*b*)		
Cash	300000	
To Subscription		300000
(*c*)		
Cash	50000	
To Surplus Fund		50000
(*d*)		
Premium on U.S. Bonds	1500	
U.S. Bonds to secure Circulation	100000	
To Cash		101500
(*e*)		
Cash	100000	
To Circulation		100000
(*f*)		
Redemption Fund with U.S. Treasurer	5000	
To Cash		5000
(*g*)		
Expense	2900	
To Cash		2900

2. (*a*) A national bank is organized with a capital stock of $200,000. (*b*) The first installment of 50% of the capital stock is duly paid. (*c*) United States bonds with a par value of $75,000 are purchased for $76,000 cash. (*d*) Circulating notes are received from the Comptroller of Currency for $75,000 and duly signed by the president and cashier. (*e*) One of the stockholders makes a further payment of $20,000 to apply on the capital stock. (*f*) The necessary 5% redemption fund is forwarded to the Treasurer of the United States to redeem worn and mutilated circulating notes. (*g*) Disbursements ordered by the board of directors amount to $3100.

Required the necessary opening entries. Make them in ordinary journal form.

TO THE INSTRUCTOR.—The instructor will find it a most helpful exercise to require the students to analyze fully each of the entries called for in the foregoing propositions. This will, at the outset, firmly fix in mind the fundamental principles in the organization of a national bank.

TRUST COMPANIES

Organization. — Trust companies are in reality banking institutions organized under and subject to the laws of the different states.

The Business of Trust Companies ranks among the important activities of commerce. Since trust companies are state institutions, their management and scope vary in the different states. In general the business of trust companies may be stated as follows:

1. They receive money on deposit, subject to checks, the same as national banks.

2. They allow interest on special deposits, usually on amounts above a specified sum.

3. They make loans in the same careful, conservative way that is so characteristic of national banks.

4. Where they have superseded state banks they undertake the collection of commercial paper.

5. They are usually connected with the clearing house, either directly or through some convenient national bank.

6. They receive on deposit money, government securities, stocks, bonds, coin, jewelry, valuable papers and documents, evidences of debt, etc., upon such terms and conditions as may be agreed upon.

7. They collect and disburse the interest or income, if any, upon property received on deposit and at maturity collect and disburse the principal of such property as produces interest or income.

8. They act as trustees for widows and children.

9. They act as agents in transferring stocks and bonds.

10. They act as agents for the care and management of invested property.

11. They may be appointed by probate courts as receivers, executors, administrators, etc.

12. They are usually authorized to receive and hold moneys and property in trust and on deposit from courts of law and equity, executors, assignees, guardians, and trustees upon such terms and agreements as may be decided upon.

NOTE. — In Massachusetts and some of the other states trust companies are required to maintain a reserve fund similar to the reserve fund of national banks, and to annually set aside 10% of their net earnings as a surplus or guaranty fund until such fund amounts to 25% of their capital stock. The liability of the stockholders is also the same as that of the stockholders of a national bank.

STATE BANKS

Organization. — State banks are organized under and subject to the regulations and restrictions of the banking department of the particular state in which they are located. The preliminary steps necessary in the organization of a state bank are quite similar to those already outlined for national banks.

State and National Banks compared. — State and national banks may be compared as follows:

1. Their management is similar.
2. Their scope is nearly the same.
3. They are equally careful and conservative in the matter of making loans.
4. In many cases the protection afforded the creditors of state and national banks is equally strong.

State and National Banks contrasted. — State and national banks may be contrasted as follows:

1. National banks are organized under and subject to national law and authority. State banks are purely state institutions, organized under and subject to state law and authority.
2. National banks issue circulating notes, while state banks do not.

NOTE. — Prior to July 1, 1866, state banks issued circulating notes. On that date an amendment to the National Bank Act imposed a tax of 10% on these notes. This tax proved too high to allow any profit to the state banks, and the circulating notes were withdrawn.

3. National banks are subject to examination by persons appointed by the National Government, while state banks are examined by persons appointed by the authority of the given state.
4. National banks are required to invest a portion of their capital in United States bonds. These bonds are deposited with the Treasurer of the United States to secure circulation, and are not available to the bank until all of its circulation has been redeemed. As state banks do not issue circulating notes, they are not required to purchase United States bonds.

If a national bank should fail, its circulating notes would be redeemed by the United States government without loss to the holder, but the United States bonds deposited at Washington do not afford security for the payment of depositors.

NOTE. — In Massachusetts and a few other states there are no state banks, loan and trust companies having superseded them. Authentic information respecting the organization of state banks and trust companies may be obtained by addressing the proper Secretary of State.

PRIVATE BANKS

Organization. — Private banks are organized in the same manner as ordinary partnerships. They may belong to an individual or a firm.

Functions. — The business of private banks varies in different localities. In many cases they possess the principal functions of national banks; in other cases their attention is directed only to special features of banking, such as the buying and selling of foreign exchange, stocks and bonds, etc.

Protection to Creditors. — In a few states private banks are restricted in their operations by statute, in which case they are subject to the inspection of state officials; but usually their operations are regulated and restricted only by the common laws of business. Thus it will be seen that their safety is dependent upon the integrity and financial responsibility of the individuals conducting them.

NOTE. — Private bankers are quite numerous in nearly all large cities, their capital stock aggregating, in some instances, more than the capital stock of national banks. Some private bankers make a specialty of loaning their capital for the promotion of business enterprises, taking for security the stocks and bonds of the enterprise promoted. These stocks and bonds are disposed of to customers, usually at a good profit.

REVIEW QUESTIONS

1. State the principal functions of a commercial bank. 2. Briefly outline the principal advantages of making payments by the ordinary bank check. 3. A business man is about to pay a bill of $49.75. He finds that there is over $200 in currency in his safe. He has a good-sized bank account. Which would be the more business-like way of paying his bill, by check or in currency? Why? 4. Name the principal sources of a bank's profits. 5. From what do the available funds of a bank for lending purposes accrue? 6. State the principal sources of a bank's expenses. 7. Name the three general classes of banking institutions. 8. Name the chief distinguishing features of a national bank. 9. Why are the underlying principles of the national banking system practically uniform? 10. State the individual liability of the stockholders of a national bank. Illustrate. 11. What lawful money must the national banks in your city have at all times on hand? 12. Define the following: (*a*) surplus fund; (*b*) United States bonds; (*c*) incorporated institution; (*d*) National Banking Act. 13. How many persons are required to form a national bank? 14. Could the number be made up wholly or in part of fictitious persons, as corporations, etc.? 15. What is the minimum capital under which a bank may organize in your city? 16. State the law with reference to the minimum capital required to organize a national bank. 17. A national bank is being organized in your city. There are already a number of national

banks doing business there. Could the new bank adopt the name *First National Bank?* There is no other bank of that name in your city. Give reasons for your answer. 18. What per cent of the capital stock of a national bank must be paid in before the bank can be authorized to commence business? 19. State the necessary qualifications for a bank director. 20. What is generally the par value of a share of national bank stock?[1] 21. Suppose a national bank is formed with a fully paid in capital of $300,000. Another national bank is formed at the same time with a capital stock of $200,000, and a surplus fund of $100,000, both amounts fully paid in. Which bank in your judgment is the stronger institution? Why? 22. What proportion of the capital stock of a national bank must be invested in United States bonds? 23. Why is there no tax levied on United States bonds? 24. Define the following: (*a*) circulating notes; (*b*) redemption fund with the United States Treasurer. 25. Is a bank bound to take out circulating notes? 26. Do almost all national banks carry circulating notes? Why? 27. What per cent of the bonds deposited may the circulating notes be? 28. What is the market value of United States 2% gold bonds at the present time? 29. Are circulating notes a source of profit to national banks? 30. What is the yearly tax on national bank notes? 31. Are the United States bonds deposited with the United States Treasurer a source of income to the bank depositing them? Explain. 32. For what is *Redemption Fund with the United States Treasurer* created? How is the amount of it determined? 33. A fire occurs in A's warehouse. In the office of this warehouse $500 in national bank bills are burned to ashes. Has anybody gained by this destruction of bank notes? Explain. 34. State the principal corporate powers of national banks. 35. Under what conditions may a national bank hold real estate? 36. How can a national bank increase or diminish its capital? 37. Why are national banks prohibited from using their own circulating notes to pay for their capital stock? 38. By whom are the officers of a national bank chosen? 39. Name the usual officers of a national bank. 40. Name the usual clerks employed in the average national bank. 41. Why should the president of a bank be a man of extended experience and superior ability? 42. State the principal duties of the average bank president. 43. Where there is a vice president in a bank what are his duties? 44. State the most important duties of the cashier of a national bank. 45. When there is an assistant cashier what are his duties? 46. Give the initial opening entry for a national bank. 47. Give the entry for the payment of the capital stock. 48. Give the entry for the purchase of United States bonds at a premium. 49. Give the entry for taking out circulating notes. 50. Give the entry for the funds remitted to the Treasurer of the United States to redeem worn and mutilated circulating notes.

[1] The National Banking Act now requires the shares of stock to have a par value of $100, in harmony with the usual practice of joint-stock companies throughout the country. Some of the state banks, however, were originally organized with shares having a par value of $50. Where these banks were later changed into national banking associations they were given the privilege of forming with shares of a par value of $50. This may account for the fact that some national banks have shares whose par value is less than $100.

BANK BOOKKEEPING

Object. — The purpose of bank bookkeeping is to set forth first, what assets are in the possession of the bank; and second, to whom these assets ultimately belong. The form of record is of secondary importance. In a small bank, only one set of books is needed, but as the bank grows, these books are divided and subdivided. However, all the books are parts of the general books.

This set is designed to illustrate in as brief a way as possible the practical workings of an ordinary national bank. In order to get at the work directly, the various books are opened from statements showing the condition of a bank that is in operation. To open a bank and gradually bring it to a well-organized and paying institution would be a long, unnecessary process.

In order to illustrate the closing entries in bank accounting, statements are made and dividends declared March 3.

Books used. — The books used in this set are: general balance ledger, individual ledger, discount register, discount tickler, collection register, collection tickler, draft register, remittance register, certified check book, general cash book, and paying and receiving tellers' check sheets.

Auxiliary Books. — The auxiliary books and records necessary in the organization of a national bank are essentially the same as those of any other joint-stock company or corporation. These books may be briefly referred to as follows:

1. *Subscription Book*, made up of a record of the names of the persons subscribing for stock and the number of shares wanted.

2. *Stock Certificate Book*, containing the receipts showing the number of shares delivered to each stockholder.

3. *Installment Book*, in which are written the names of the stockholders and the amount paid by each.

4. *Transfer Book*, in which is written a history of the certificates canceled and of the new ones issued.

5. *Stock Ledger*, showing the amount of capital stock and the balance to the credit of each stockholder.

6. *Minute Book*, in which are recorded the proceedings of the board of directors.

7. *Dividend Book*, in which are recorded the names of the stockholders, the number of shares owned, the amount of their dividends at various dividend periods, and receipts for the payment of dividends.

Classified Work. — The work of the set is so classified that the student is made to see the principal duties devolving upon the various officers and clerks in the daily routine of recording the transactions of the bank. This classification gives the student practice in the performance of the chief duties of:

1. Paying teller.
2. Receiving teller.
3. Note teller.
4. Discount clerk.
5. Collection clerk.
6. Correspondence or transit clerk.
7. Individual bookkeeper.
8. General bookkeeper.
9. Cashier.

General Directions and Suggestions. — In this set **Commercial National Bank** is the name under which the banking association is incorporated. The location is Boston, Mass.

The student is about to familiarize himself with the details of an ordinary national banking institution, and he will be carefully instructed as to the duties of the various officers and clerks by:

1. Being allowed to examine carefully the present condition of the books used.

2. Being specifically instructed as to the powers, responsibilities, and general duties of the various officers and clerks.

3. Being allowed to make further entries in the various books during the progress of each day's business.

WORK OF THE DISCOUNT CLERK

The records of the discount clerk are to be examined first. These records are found principally in the discount register and discount tickler.

The **Discount Register** contains a full record of all paper accepted for discount. It is the bill book of the bank and gives, in addition to the information ordinarily contained in a common bill book, the amount of discount and collection and exchange charged, the proceeds of the paper, etc. The illustration on pages 16 and 17 is self-explanatory. It shows a day's records, with the necessary check marks, etc.

No record is made in the discount register at the maturity of paper; therefore it will not be necessary for the student to enter the discounted paper on hand in the discount register. (See page 95.)

The **Discount Tickler** contains a classified record, with reference to maturity, of all the paper entered in the discount register. These records are made to "tickle," or remind, the discount clerk to have paper presented for payment at the proper time.

Discount

DATE DISCOUNTED		FOR WHOM DISCOUNTED	MAKER OR PAYER	INDORSER	WHERE PAYABLE	NUMBER	DATE OF PAPER	
19—							19—	
June	20	D. E. Avery	Wilson & Son		Alliance Nat'l, City	230	Apr.	20
	20	Powers & Sprague	C. Reardon & Co.	Cook Bros.	Farmers Bank, Chicago	231	May	1
	20	E. V. Buckley & Son	W. O. Radcliffe		First Nat'l, Syracuse	232	Apr.	1
	20	J. H. Crandall	Frey & Mason	Bates Bros.	Our Bank	233		15
	20	Dodge Bros.	Rogers, Peet & Co.		Traders Nat'l, Phila.	234	June	15

As soon as paper is accepted for discount it is entered in the discount register, the due date is written across its face in red ink, and it is recorded in the discount tickler under the proper number and date. After these records have been completed the notes are carefully checked back from the tickler.

The tickler is generally ruled in sections for each day in the year. At the top of each section is printed the day and date. The *Remarks* column is used for noting irregularities in payment, etc.

Discount

Monday,

NO.	PAYER	WHERE PAYABLE	TO WHOM SENT
800	*C. W. Hall & Co.*	*Our Bank*	
821	*Morton & Davis*	*First National Bank, Buffalo*	*Traders National, Buffalo*
827	*C. W. Carey*	*Allston & Co., Bankers, City*	

Tuesday,

782	*Raymond Bros.*	*Union Trust Co., City*	
790	*Stickney, Poor & Co.*	*National City Bank, Brooklyn*	*Chemical National Bank, N.Y.*
765	*F. E. Sherman*	*Our Bank*	
778	*De Young Bros.*	*Citizens Bank, Troy*	*Farmers Bank, Albany*

Paper to be entered in the Discount Tickler. — The following discounted paper is now in the possession of the bank and is shown by the uncanceled records in the discount tickler. Take your discount tickler and enter this paper, being guided by the accompanying model.

Register

TIME	WHEN DUE	TERM OF DISCOUNT	RATE OF DISCOUNT	AMOUNT OF PAPER	INTEREST AND DISCOUNT	COLLECTION AND EXCHANGE	PROCEEDS TO BE CREDITED	TICKLER CK.	REMARKS
	19—								
3 mo.	July 20	30 da.	6%	2000	10		1990	✓	
3 mo.	Aug. 1	42 da.	6%	1500	10 50	1 88	1487 62	✓	
90 da.	June 30	10 da.	6%	900	1 50		898 50	✓	
90 da.	July 14	24 da.	6%	6000	24		5976	✓	
30 da.	15	25 da.	6%	3000	12 50	3 75	2983 75	✓	Issued Cashier's Ck.
				✓	✓	✓	✓		
				13400	58 50	5 63	13335 87		

Write dates in the discount tickler as follows: March 1, 2, 3, 4, 5, 6, 9, 11, 12, 16, 25, 26, 29, 31, and April 1.

Do not show any totals at this time, as the entries in the general debit and credit books will not be made until the general bookkeeper's work is given.

NOTE. — In this work all paper maturing on Sundays or legal holidays should be entered in the ticklers under the date of the first business day following. The statutes of the different states, however, are not uniform on this point.

Tickler

Feb. 15, 19—

BY WHOM DISCOUNTED	AMOUNT TO BE COLLECTED	CK.	REMARKS
Decker Bros.	*7500*	✓	*Cash*
D. E. Avery	*1500*	✓	*Charged to Traders, Buffalo*
E. L. Howard	*9000*	✓	*Certified, Allston & Co., Bankers*
	18000	✓	

Feb. 16, 19—

W. I. Pratt	*2500*	✓	*Protested. Fees, $1.75. Charged to Pratt*
J. O. Baker	*3000*	✓	*Charged to C. N. B., New York*
Powers & Sprague	*4500*	✓	*Charged to F. E. Sherman*
	2000	✓	*Charged to Farmers, Albany*
	12000	✓	

PAPER MATURING MONDAY, MARCH 1

No. 889. Note of W. I. Pratt, at 30 days from Jan. 30, discounted for Decker Bros., payable at our bank, for $2750.

No. 866. Note of B. M. Vosburg & Co., at two months from Jan. 1, discounted for Mace, Gilmore & Co., payable at Traders National Bank, Buffalo, for $7500. Sent to Traders National Bank.

No. 842. Note of Gregory Mfg. Co., at three months from Dec. 1 last, discounted for Spencer, Mead & Co., payable at Third National Bank, Buffalo, for $5000. Sent to Traders National Bank, Buffalo.

No. 893. Note of Dillon Bros., at 30 days from Jan. 30, discounted for D. B. Roberts, payable at Merchants National Bank, City, for $7550.

No. 901. Note of D. S. Davenport, at 10 days from Feb. 19, discounted for E. L. Howard, payable at Eliot National Bank, City, for $9500.

Paper maturing Tuesday, March 2

No. 902. Note of Novelty Mfg. Co., at 10 days from Feb. 20, discounted for Fernald, Son & Co., payable at Alliance National Bank, Springfield, Mass., for $18,500. Sent to Alliance National Bank.

No. 869. Note of F. M. Elery & Son, at two months from Jan. 2, discounted for Thomas Bennett & Co., payable at Union Bank, Worcester, for $32,400. Sent to Alliance National Bank, Springfield.

No. 868. Note of Daniels Novelty Co., at 60 days from Jan. 1, discounted for Mace, Gilmore & Co., payable at our bank, for $33,210.

No. 895. Note of Powers & Lawler, at 15 days from Feb. 15, discounted for W. I. Pratt, payable at Farmers Bank, Albany, for $28,890. Sent to Farmers National Bank, Albany.

No. 867. Note of Baush & Lomb, at 60 days from Jan. 1, discounted for C. E. Selover & Co., indorsed by Anderson & Page, payable at our bank, for $16,500.

Paper maturing Wednesday, March 3

No. 897. Note of I. M. Lyons, at 15 days from Feb. 16, discounted for D. E. Avery, payable at our bank, for $29,900.

No. 882. Note of Kennedy Soap Co., at 20 days from Feb. 11, discounted for J. H. Crandall, payable at Union Trust Co., City, for $24,750.

No. 883. Note of Cobb, Bates & Co., at 20 days from Feb. 11, discounted for Burgess & Co., indorsed by Ginn & Co., payable at Colonial National Bank, City, for $12,250.

No. 875. Note of Cobb & Co., at 30 days from Feb. 1, discounted for George D. Hatch & Co., payable at Shoe and Leather Bank, City, for $25,625.

Paper maturing Thursday, March 4

No. 884. Note of W. E. Denman, at 20 days from Feb. 12, discounted for C. E. Denison, payable at Chemical National Bank, New York, for $37,000. Sent to Chemical National Bank.

No. 906. Note of David W. Parker, at 15 days from Feb. 17, discounted for C. E. Denison, payable at our bank, for $30,000.

No. 907. Note of Marsh & Grant, at 15 days from Feb. 17, discounted for Thomas Bennett & Co., payable at our bank, for $17,295.

No. 876. Note of G. S. Murray, at 30 days from Feb. 2, discounted for Decker Bros., payable at Chemical National Bank, New York, for $12,460. Sent to Chemical National Bank.

No. 857. Note of Fred M. Everitt & Co., at 60 days from Jan. 3, discounted for Fernald, Son & Co., payable at Farmers Bank, Albany, for $16,792. Sent to Farmers Bank.

Paper maturing Friday, March 5

No. 908. Note of Stanley Carriage Co., at 10 days from Feb. 23, discounted for J. H. Crandall, payable at Union Trust Co., City, for $23,680.

Paper maturing Saturday, March 6

No. 910. Note of Jamison, Baker & Co., at 10 days from Feb. 24, discounted for Freeman, Austin & Co., payable at Park Square National Bank, City, for $31,720.

No. 890. Note of Fowler Mfg. Co., at 30 days from Feb. 4, discounted for C. E. Selover & Co., payable at Chemical National Bank, New York, for $31,750. Sent to Chemical National Bank.

Paper maturing Tuesday, March 9

No. 844. Note of C. B. Conroy & Co., at three months from Dec. 9 last, discounted for Lane, Rowell & Co., payable at our bank, for $25,750.

Paper maturing Friday, March 12

No. 847. Note of D. D. Eldred, at three months from Dec. 12 last, discounted for F. E. Sherman, payable at our bank, for $15,950.50.

Present the discount tickler to your teacher for approval.

The Duties of the Discount Clerk may be specified as follows:

1. He takes charge of the bills receivable accepted for discount.
2. He keeps the records of the loaning department of the bank.

Transactions for the Discount Clerk, March 1

The following paper has been offered and accepted for discount to-day. As discount clerk make the proper records in the discount register. Examine the model for discount register given on pages 16 and 17. Consult your instructor when in doubt on any point.

In the following memoranda of transactions, where the paper contains no other indorsement than that of the holder, the indorser is not stated, and the column *Indorser* in the discount register may be left blank.

Unless otherwise stated, discount is computed at 6% per annum.

No. 920. Note of Wells, Osborn & Co., at 30 days from March 1, discounted for Mace, Gilmore & Co., payable at Old Colony National Bank, City, for $2960. Discount, $14.80. Proceeds credited.

No. 921. Note of Baker & Small, at 30 days from Feb. 23, indorsed by King & Chappell, discounted for Decker Bros., payable at First National Bank, Worcester, for $7500. Discount, $30. Collection and exchange, $7.50. Proceeds credited.

No. 922. Note of Wyckoff & Co., at 30 days from March 1, discounted for W. I. Pratt, payable at Old Colony National Bank, City, for $1500. Discount, $7.50. Proceeds credited.

No. 923. Note of C. A. Seaver & Co., at 15 days from March 1, indorsed by Boswell, Mason & Co., discounted for Wyckoff, Seamans & Benedict, payable at our bank, for $10,000. Discount, $25. Proceeds credited.

No. 924. Note of F. E. Harris, at 10 days from March 1, discounted for J. H. Crandall, payable at Farmers Bank, Albany, for $9000. Discount, $15. Collection and exchange, $9.50.

Collection

WHEN LEFT		NO.	PAYER	INDORSER	WHERE PAYABLE
Feb.	16	610	C. W. Young		Union Trust Co., City
	16	611	E. O. Frey & Co.		Traders Nat'l, Buffalo
	16	612	Geo. A. Ward	Wood & Garson	Park Nat'l, Providence
	16	613	F. E. Brown	Scranton & Co.	Our Bank
	16	614	Mason, Quigley & Co.		Our Bank
	16	615	Reardon & Ellis	Howland & Haviland	Alliance Nat'l, Springfield
	16	616	Novelty Mfg. Co.		Our Bank
	16	617	Ellis Soap Co.	Robert Simpson	Monroe Bank, City
	17	618	C. H. Bryant		Our Bank

As discount clerk the student should now proceed as follows:

1. Rule and foot the discount register. Examine the model given.

2. Prove the footings. The total of the *Proceeds* column plus the total of the *Discount* and *Collection and Exchange* columns should equal the total of the *Amount* column.

3. Post the entries from the discount register to the discount tickler. Leave the columns *Where Sent* and *Remarks* in the discount tickler blank for the time being. These will be filled out later as the work progresses.

Submit the discount register and discount tickler to your instructor for approval.

The **Auxiliary Books** kept by the discount clerk are of significant importance in a bank, but they are so simple in character and so self-explanatory that it is thought best not to attempt to use them in these records. They are:

1. The *Offering Book*, containing information with reference to the parties applying for loans.

2. The *Discount Ledger*, containing a record of the amount of paper discounted for each customer.

3. The *Customers' Bill Book*, containing a detailed statement of the various papers offered for discount by the customers of the bank.

WORK OF THE COLLECTION CLERK

The records of the collection clerk are now to be examined. They are found principally in the collection register and collection tickler.

The **Collection Register** contains a record of all commercial paper received by the bank for collection. Many banks keep two collection

Register

DATE OF DRAFT OR NOTE		TIME	WHEN DUE		FOR WHOM COLLECTED	AMOUNT TO BE COLLECTED		CK.	REMARKS
Feb.	9	2 mo.	April	9	Fields Milling Co.	1650		✓	
	2	3 mo.	May	2	Charles J. Kennedy	2500		✓	
	2	60 da.	April	3	E. V. Buckley & Son	10000		✓	
Jan.	29	3 mo.		29	Wyckoff, Seamans & Benedict	75	20	✓	
	16	4 mo.	May	16	F. E. Sherman	1150	22	✓	
	21	4 mo.		21	Freeman, Austin & Co.	95	60	✓	
Feb.	2	60 da.	April	3	C. E. Denison	1250		✓	
	3	30 da.	March	5	D. E. Avery	9500		✓	
	7	2 mo.	April	7	Alliance Bank, Springfield	215	90	✓	

registers, one for city collections and one for collections payable out of town. The paper entered in the collection register is generally numbered consecutively. The foregoing model is self-explanatory. The column *Indorser* need not be filled out except when there is an indorser other than the owner of the paper. If any time paper is interest-bearing, the amount of the interest should be added to the face of the paper before it is recorded in the collection register.

Since no record is needed in the collection register at the maturity of paper, it will not be necessary for the student to enter the collection paper on hand in the collection register.

The Collection Tickler. — As soon as paper is properly recorded in the collection register it is classified in the collection tickler under its date of maturity. The object of the collection tickler is to remind the bank clerks of the maturity of paper received for collection.

The following collection paper is now in the possession of the bank and is shown by the uncanceled records in the collection tickler. Record it in your collection tickler. (See page 95.)

Collection

Monday,

NO.	PAYER	WHERE PAYABLE	TO WHOM SENT
590	C. W. Gray	Our Bank	
592	L. O. Sweetland	Alliance Nat'l, Springfield	Alliance Nat'l, Springfield
593	N. P. Pond	Traders Nat'l, Buffalo	Fourth Nat'l, Buffalo
595	D. E. Anderson & Co.	Union Trust Co., City	
596	Frey, Miller & Co.	Park Nat'l, City	

Tuesday,

572	D. O. Dale & Co.	First Nat'l, Albany	Farmers Bank, Albany
581	Covey & Dudley Co.	Traders Nat'l, Albany	Farmers Bank, Albany
598	Paine Cutlery Co.	Union Bank, Worcester	Alliance Nat'l, Springfield
601	F. C. Howland	Our Bank	
602	C. E. Reardon	Suffolk Nat'l, City	
606	Sampson & Newell	Mechanics Nat'l, Springfield	Alliance Nat'l, Springfield

Write dates in the collection tickler as follows: Feb. 25, 26, March 1, 2, 3, 4, 5, 6, 9, 10, 18, 27, 31, April 1 and 2. Write March 3 twice.

Collections maturing Thursday, Feb. 25

No. 650. Note signed by Wentworth & Son, dated Nov. 25 last, at three months, indorsed by J. K. Miner, payable at Albany, N.Y., for $725. Sent to Farmers Bank. To be collected for E. V. Buckley & Son.

No. 702. Note signed by Daly Bros., dated Dec. 25, at two months, payable at Albany, N.Y., for $1200. Sent to Farmers Bank. To be collected for J. O. Baker.

No. 723. Draft dated Jan. 25, at one month from date, on F. W. Edwards & Son, payable at Fourth National Bank, Brooklyn, for $1005.25. Sent to Chemical National Bank, New York. To be collected for Powers & Sprague.

Collections maturing Friday, Feb. 26

No. 726. Note signed by E. B. Munroe, dated Jan. 27, at 30 days, payable at Providence, for $4900. Sent to Chase National Bank, Providence. To be collected for Decker Bros.

Tickler

Feb. 15, 19___

FOR WHOM COLLECTED	AMOUNT TO BE COLLECTED		WHEN AND HOW DISPOSED OF
Spencer, Mead & Co.	9000		Paid, 2/15.
Mace, Gilmore & Co.	752	50	Chgd. Alliance Nat'l, 2/19. Our coll., 75¢; bank's coll., $1
W. I. Pratt	1750		Chgd. Fourth Nat'l, 2/20. Our coll., $1.75; bank's coll., $2.25
Alliance Nat'l, Springfield	7200		Certified, 2/15, Union Trust Co. Our coll., $7.20
Chase Nat'l, Providence	1625	90	Certified, 2/15, P. N. B. Our coll., $1.65

Feb. 16, 19___

W. I. Pratt	2100		Chgd. Farmers Bank, 2/22. Our coll., $2.10; bank's coll., $4
D. E. Avery	1650		Chgd. Farmers Bank, 2/22. Our coll., $1.65; bank's coll., $3
C. E. Denison	562	90	Chgd. Alliance Nat'l, 2/21. Our coll., 50¢; bank's coll., $1
Ninth Nat'l, Hartford	1725	90	Paid, 2/16. Our coll., $2
Chase Nat'l, Providence	2100		Certified, 2/16, S. B. Our coll., $2.75
C. E. Selover & Co.	7500		Chgd. Alliance Nat'l. Our coll., $7.50; bank's coll., $12

No. 742. Draft dated Jan. 26, at one month from date, on B. W. Mills, payable at Providence, for $5200. Sent to Chase National Bank, Providence. To be collected for Wyckoff, Seamans & Benedict.

No. 743. Note signed by Samuel Powell & Co., dated Dec. 28 last, at 60 days, payable at Bank of Commerce, Baltimore, for $1250. Sent to Bank of Commerce, Baltimore. To be collected for Freeman, Austin & Co.

COLLECTIONS MATURING MONDAY, MARCH 1

No. 744. Note signed by E. O. Hamilton, payable 60 days after Dec. 31 last, at our bank, for $1650.25. To be collected for Freeman, Austin & Co.

No. 752. Note signed by J. H. Moore, payable 30 days after Jan. 30, at Springfield, Mass., for $722.50. Sent to Alliance National Bank, Springfield. To be collected for Traders National Bank, Buffalo.

No. 755. Draft dated Feb. 1, at one month from date, on E. L. Howard, payable at our bank, for $5000. To be collected for Wyckoff, Seamans & Benedict.

COLLECTIONS MATURING TUESDAY, MARCH 2

No. 757. Note signed by W. E. Patten, payable 30 days after Jan. 31, at Buffalo, for $1750. Sent to Traders National Bank. To be collected for Alliance National Bank, Springfield.

No. 756. Note signed by Charles H. Thurber & Co., payable 20 days after Feb. 10, at Union Trust Co., City, for $79.23. To be collected for Farmers Bank, Albany.

No. 760. Note of G. A. Churchill, payable 30 days after Jan. 31, at Poughkeepsie, N.Y., for $73.92. Sent to Chemical National Bank. To be collected for Chase National Bank, Providence.

COLLECTIONS MATURING WEDNESDAY, MARCH 3

No. 764. Note signed by J. M. Goulding, payable 30 days after Feb. 1, at Springfield, for $125.72. Sent to Alliance National Bank, Springfield. To be collected for Chase National Bank, Providence.

No. 765. Draft dated Feb. 3, at one month from date, on Rogers & Williams, indorsed by Wilder & Fields, payable at our bank, for $652.01. To be collected for Mace, Gilmore & Co.

COLLECTIONS MATURING THURSDAY, MARCH 4

No. 766. Draft dated Jan. 4, at two months from date, on R. B. Elder, payable at Bunker Hill National Bank, City, for $700. To be collected for C. E. Selover & Co.

No. 767. Note signed by S. C. Williams, indorsed by DeWitt & Bliss, payable 60 days after Jan. 3, at Rochester, N.Y., for $1600. Sent to

Traders National Bank, Buffalo. To be collected for C. E. Selover & Co.

COLLECTIONS MATURING FRIDAY, MARCH 5

No. 770. Note signed by F. W. Humphrey, payable 30 days after Feb. 3, at our bank, for $325. To be collected for Wilder & Fields.

No. 771. Note signed by J. Kennard, payable 30 days after Feb. 3, at Bunker Hill National Bank, for $3000. To be collected for Traders National Bank, Buffalo.

No. 774. Note signed by James H. Beatty, payable 60 days after Jan. 4, at Union Trust Co., City, for $2500. To be collected for Chemical National Bank, New York.

COLLECTIONS MATURING SATURDAY, MARCH 6

No. 778. Note signed by John Wanamaker, indorsed by Wilder & Fields, payable 60 days after Jan. 5, at Union Trust Co., City, for $1200. To be collected for Farmers National Bank, Albany.

No. 779. Note signed by Cloud & King, indorsed by Elder & Sampson, payable 60 days after Jan. 5, at Union Trust Co., City, for $1000.50. To be collected for Chase National Bank, Providence.

The Duties of the Collection Clerk may be specified as follows:

1. He takes charge of paper received by the bank for collection.

2. He makes the proper entries for collection paper in the original books of record.

Rates of Collection. — The collections made by a bank constitute an important part of its business. Formerly this feature of banking was very profitable, the lowest charge in many banks for collecting paper payable out of town being $\frac{1}{4}\%$, while a charge of three or four times this was not unusual. Now these charges vary, ranging from $\frac{1}{10}\%$ to $\frac{1}{4}\%$; but the rates are by no means uniform. They depend upon a number of things, among which may be mentioned the following:

1. Trade movements; *e.g.*, during the late fall months New York is sending a great many checks to states in the Mississippi Valley in payment for shipments of wheat; hence the states in this section are anxious at such times to get collection items from New York and near-by cities, to reduce their balances with New York banks, and they make collections with little or no charge. Later on the conditions are practically reversed, and the collection rate in the Middle West for items from New York and adjoining cities runs as high as $\frac{1}{4}\%$.

2. Various arrangements of banks with one another ; *e.g.*, some collecting banks agree to make remittances regularly at par, the use of the money so collected being considered as an offset to the trouble of collecting ; other banks sometimes agree to remit at stated intervals at a stipulated rate per cent for collecting, etc.

3. Arbitrary rates in vogue in some banks.

4. A charge, by some banks, on time paper, but no charge on cash paper.

5. The size of a depositor's bank balance. The heaviest depositor usually gets the lowest collection rate.

6. On the whole, the rates of collection are more uniform in the Eastern and Middle States.

Transactions for the Collection Clerk, March 1

As collection clerk, make the proper records in the collection register for the following paper received for collection to-day. Examine the model given for this book on pages 20 and 21.

No. 800. Note signed by Clarke & Coffin, dated Jan. 31, at 30 days, indorsed by Ellis, Shannon & Co., payable at our bank, for $7200. To be collected for Janis, Cooper & Tremper.

No. 801. Note signed by Henry Green, payable in two months from Jan. 4, at Park Square National Bank, City, for $4000. To be collected for Charles J. Kennedy.

No. 802. Note signed by Ellis Peterson, payable in 60 days from Jan. 4, at Union Trust Co., City, for $2000. To be collected for Charles J. Kennedy.

No. 803. Draft dated Jan. 3, at 60 days from date, on James Briggs, payable at Central Bank, City, for $905.42. To be collected for Fields Milling Co.

No. 804. Note signed by W. B. Anderson, payable in 60 days from Jan. 5, at First National Bank, Worcester, for $162.90. To be collected for Ninth National Bank, Hartford, Conn.

No. 805. Draft dated Jan. 4, at 60 days from date, on McMenimen Bros., payable at First National Bank, Worcester, for $1262.90. To be collected for Ninth National Bank, Hartford, Conn.

Post the collection register to the collection tickler. Leave the *Where Sent* and *Remarks* columns blank for the time being.

Submit your collection register and collection tickler to your instructor for approval before proceeding further.

WORK OF THE RECEIVING TELLER

The records of the receiving teller in this set are to be found on the receiving teller's daily check sheets.

The following is the form of check sheet and proof to be used in this work. (See page 95.)

Receiving Teller's Daily Check Sheet and Proof

Monday, April 2, 19—

CK.	ACCOUNT	✓ CURRENCY		# CLEARING HOUSE		X OUT-OF-TOWN		B OUR BANK		O CITY OFFICE		COLLECTION AND EXCHANGE		AMOUNT CREDITED	
✓	Decker Bros.	1120		1200	50			192	10	600				3112	60
✓	Mace, Gilmore & Co.	250		54	09	750		50	60						
		190		200									75	1493	94
✓	Spencer, Mead & Co.	60		300		1500		500		65					
				3000				100				1	50	5523	50
✓	D. B. Roberts							1500						1500	
✓	E. L. Howard					900							90	899	10
✓	W. I. Pratt	620		7200						2500					
		50												10370	
✓	C. E. Selover & Co.					1642	50							1642	50
✓	Coll. and Exch. Paid in cash	1	65									1	65		
✓	Fields Milling Co.	690													
		140						750						1580	
✓	Cashier's Check	9200												9200	
		12321	65	11954	59	4792	50	3092	70	3165		4	80	35321	64

Recapitulation and Proof

Bills	501	65	Deposits	35321 64
Coin	5820		Collection and Exchange	4 80
Clearing House	11954	59		
Out-of-Town	4792	50		
Our Bank	3092	70		
City Office	3165			
Paying Teller (Special)	6000			
	35326	44		35326 44

Receiving Teller's Daily Check Sheet and Proof. — A great variety of forms of this sheet is used by banks. In some cases the sheet exhibits only the total of the deposit tickets and the aggregate receipts of the day. In other cases it is in the form of a cash book, the receipts in currency, clearings, collection and exchange, out-of-town items, etc., being separated by the use of special columns. The kind of record required would always depend upon the routine of the bank's business.

The Duties of the Receiving Teller may be specified as follows:

1. He receives the deposits of customers.
2. He writes certificates of deposit and cashier's checks.
3. He enters deposits in the customers' pass books.
4. He classifies the items received for deposit.

Certificates of Deposit. — Certificates of deposit are receipts issued by a bank to persons making temporary deposits. They are negotiable and pass everywhere as cash. They are taken from a book resembling the ordinary check book, a stub showing the number, date, amount, payee, etc., being retained by the bank. The person to whom a certificate is issued is required to write his name on the stub of the certificate of deposit book in order that the proper comparisons may be made when the certificate is presented for payment. These certificates may bear interest or not, depending on the circumstances.

Certificate of Deposit
This Deposit not Subject to Check

$964.45 *Boston, Mass., Feb. 10, 19—* *No. 945*

The National Bank of Commerce

Albert S. Osborn has deposited in this Bank
Nine Hundred Sixty-four $\frac{45}{100}$ *Dollars*
Payable to the order of himself
on the return of this Certificate properly indorsed

C. H. Palmer,
Cashier

Cashier's Checks. — Cashier's checks are quite similar to the ordinary checks of customers, except that they are signed by the cashier of the bank on whom they are drawn. They are sometimes used instead of bank drafts and in paying the proceeds of paper discounted, but are

more frequently employed in paying the general expenses of the bank, except small incidental items, which are usually paid by means of charge tickets signed by the cashier.

Cashier's Check

Boston, Mass., Feb. 12, 19__ No. 720

The National Bank of Redemption

Pay to the order of Gray, Dunkle & Co. $1294.45

Twelve Hundred Ninety-four 45/100 ..... *Dollars*

D. M. Salisbury,
Cashier

Nature of Deposits. — As deposits come in from customers they may consist of any one, or all, of the following items:

1. Currency.
2. Orders payable through the clearing-house association.
3. Orders payable out of town.
4. Orders payable by our bank.
5. Orders payable by bankers in our city not members of the clearing-house association.

Classifying Items on the Deposit Ticket. — As a deposit comes in, the receiving teller places the deposit ticket before him and proceeds to count the coin and bills. If they are found to agree with the amounts on the ticket, a check mark (√) is placed at the left of the items listed.

Each check, draft, or other bankable instrument is then carefully examined to see if it is properly indorsed. If this paper is approved, it is next checked off and classified on the deposit ticket as follows:

1. If payable by a bank which is a member of the clearing-house association, the clearing-house number of that bank is written at the left of the item.

2. If payable by an out-of-town bank, a cross (×) is written at the left of the item.

NOTE. — Sometimes deposit tickets are provided with a separate column for items payable out of town. In such cases the out-of-town items are sufficiently classified when the deposit ticket comes in to the receiving teller.

3. If payable by a city bank not a member of the clearing-house association the letter O is written at the left of the items.

NOTE. — O is intended to signify *Office*, a term meaning that the paper is payable at some banking or business office in the city instead of through the clearing-house association. These items are sent by runners and payment received in cash or by an acceptance payable at a clearing-house bank. If the paper is accepted instead of paid, it is returned and entered with the exchanges for the clearing-house association for the following day.

4. If payable by our bank, the letter B is written to the left of the items.

DEPOSITED IN THE

National City Bank

By Newman & Bond

Boston, Feb. 15, 19__

		Dollars	Cents
Specie . . . . . ✓		400	
Bills . . . . . ✓		700	
Check . . . . . #37		240	99
O	1	200	50
#12	1	400	
X		500	
B		700	
	5	141	49

TRANSACTIONS FOR THE RECEIVING TELLER, MARCH 1

Take the blank for receiving teller's daily check sheets and enter the following deposits. Study very carefully the form given on page 27, and if you do not understand any point, consult your instructor. The nature of the deposit in the following transactions is indicated by the characters just explained.

Decker Bros., √ $600, B $1500, B $720.50.

Mace, Gilmore & Co., √ $720, √ $400, # 61 $1290, #4 $1500, #31 $650.

Spencer, Mead & Co., B $1250.20, B $340.20, × $1340.20, × $1343.46, × $342.90; less collection, $2.75.

D. B. Roberts, √ $120, √ $60, #32 $950.60, O $1625, B $72.60.

Fernald, Son & Co., √ $725, B $650.60, O $900, × $1750; less collection, $1.75.

W. I. Pratt, √ $120, B $1625, × $1900; less collection, $1.90.

F. E. Sherman, O $156.90, B $1750, #15 $165.90, √ $7200.

C. E. Denison, × $1590.60, √ $2500, B $200, #12 $1560; less collection, $1.50.

Thomas Bennett & Co., √ $400, B $262.90, B $40.50, B $200, #60 $4126.20, #11 $2142.10, #5 $1462.90, #3 $2460.10, × $1325.62, × $1462.91, × $142.10; collection, $2.25, paid in cash.

NOTE. — When the collection charges on any paper deposited are paid in cash the amount is not deducted from the deposit slip. On the receiving teller's sheet the items of deposit and collection charges are entered as usual, and, in addition, the amount of the collection charges is written in the *Currency* column.

E. L. Howard, √ $1450, B $1242.10, × $1121.40, × $24.16, × $142.60; less collection, $1.25.

Charles J. Kennedy, √ $350, #17 $1210, #27 $1620.40.

E. V. Buckley & Son, × $621.40, × $340, × $4000; less collection, $1.

Foot the columns of the receiving teller's daily check sheet. The sum of the first five columns should equal the sum of the last two.

Make out the *Recapitulation and Proof* blank. Bills on hand, $10,760; coin, $987.25. You have given to the paying teller during the day $2900. The remaining items of the proof are taken from the receiving teller's daily check sheet footings.

The debit and credit sides of your proof should balance.

Submit the receiving teller's work to your instructor for approval.

WORK OF THE PAYING TELLER

The records of the paying teller in this set are to be found on the paying teller's daily check sheets.

Paying Teller's Daily Check Sheet and Proof. — A great variety of forms of this sheet is used by banks. The nature of the records in this department would depend upon the general routine and volume of the work of any particular bank. The sheet on pages 32 and 33, with

Paying Teller's Daily

PAYMENTS

	CK.		B OUR BANK		# CLEARING HOUSE		X OUT-OF-TOWN		O CITY OFFICE		EXPENSE	
	✓	*Fields Milling Co.*	*200*									
	✓	*Charles J. Kennedy*	*13000*									
	✓	*C. E. Selover & Co.*	*720*									
	✓	*C. E. Denison (N. Y. D.)*	*560*	*75*								
	✓	*D. E. Avery (N. Y. D.)*	*240*	*50*								
	✓	*J. H. Crandall*	*1001*	*50*								
	✓	*W. I. Pratt*	*238*	*75*								
		Bunker Hill			*10160*	*40*						
		Traders			*300*							
		Park Square			*560*							
		Traders, Buffalo					*1346*	*50*				
		Alliance, Springfield					*7645*	*90*				
		Farmers, Albany					*1900*	*40*				
		Mechanics							*200*			
		Powers							*150*			
		Coal bill									*5*	*50*
		Carpenter work									*9*	*50*
			15961	*50*	*11020*	*40*	*10892*	*80*	*350*		*15*	

Recapitulation

RECEIPTS

	1. Cash from yesterday		*90150* *50*
	2. Receiving Teller		*9200* *50*
	3. Note Teller		*11420*
	4. Receiving Teller (Special)		*14000*
	5. Collection and Exchange	*3.00, 12.00*	*15*
	6. New York Drafts		*2100*
	7. Balance from Clearing House		*7120* *50*
			134006 *50*

Check Sheet and Proof

Saturday, April 7, 19—.

RECEIPTS

CK.	SALE OF NEW YORK DRAFTS				SUNDRY RECEIPTS		SUNDRY COLL. & EXCH.	
	SOLD FOR CASH	SOLD FOR CHECK	AMOUNT	EXCHANGE				
	J. M. Cox & Co.		*500*	*75*				
	R. Bable & Co.		*800*	*1*				
		C. E. Denison	*560*	*75*				
		D. E. Avery	*240*	*50*				
	Balance from yesterday's proof				*90150*	*50*	*1*	*35*
	Receiving Teller, from yesterday				*9200*	*50*	*8*	*65*
	Note Teller, from yesterday				*11420*		*2*	
	Receiving Teller (Special)				*9000*			
	" " "				*5000*			
	Balance from Clearing House				*7120*	*50*		
			2100	*3 00*	*131891*	*50*	*12*	*00*

and Proof

PAYMENTS

	1. Checks on our Bank	*15961*	*50*
	2. Clearing-House Checks	*11020*	*40*
	3. Out-of-town Checks	*10892*	*80*
	4. City Office Items	*350*	
	5. Sundry Expense	*15*	
	6. Balance to Clearing House		
	7. Cash on hand	*95766*	*80*
		134006	*50*

slight modifications, is representative of the paying teller's records in many large banks of the country.

As will be readily seen, all money paid out or received by the paying teller at the time of such disbursement or receipt is entered on this daily check sheet.

Recapitulation and Proof. — At the close of each day's business the paying teller prepares the proof, showing the character and condition of the cash on hand, and the receipts and disbursements during the day. The items of this proof may be explained as follows:

Receipts

1. Balance on hand from the previous day's proof.
2. Bills and coin received from the receiving teller at the close of the previous day's business.
3. Bills and coin received from the note teller at the close of the previous day's business.
4. Cash transferred from the receiving teller during the day.
5. Receipts for collection and exchange.
6. Receipts for the sale of drafts.
7. Balance (if any) paid by the clearing house.

The clearing-house balance may appear on either side of the paying teller's proof sheet. If the amount of the checks, drafts, etc., taken to the clearing house is greater than the amount of checks received there, the clearing house pays the settling bank the difference, and the amount is counted among the receipts on the paying teller's proof. If the amount of the checks received at the clearing house is greater than the amount of checks brought, the bank settling pays the clearing house the difference, and this amount is counted among the payments on the paying teller's proof.

Payments

The items on this side are self-explanatory, since they are merely the footings of the payments on the check sheet summarized. The cash on hand is the total bills and coin in the possession of the paying teller at the close of the day's business. These bills and coin are generally classified as follows:

1. National bank notes.
2. Gold coin.
3. Gold certificates.
4. Silver dollars.
5. Silver certificates.
6. Legal-tender notes.
7. Subsidiary silver coin.
8. Minor coin.

The Duties of the Paying Teller may be specified as follows:

1. He is the custodian of the cash, and the general disbursing officer of the bank.
2. He cashes checks presented by customers and others.
3. He certifies the checks of customers.
4. He may sell bank drafts.

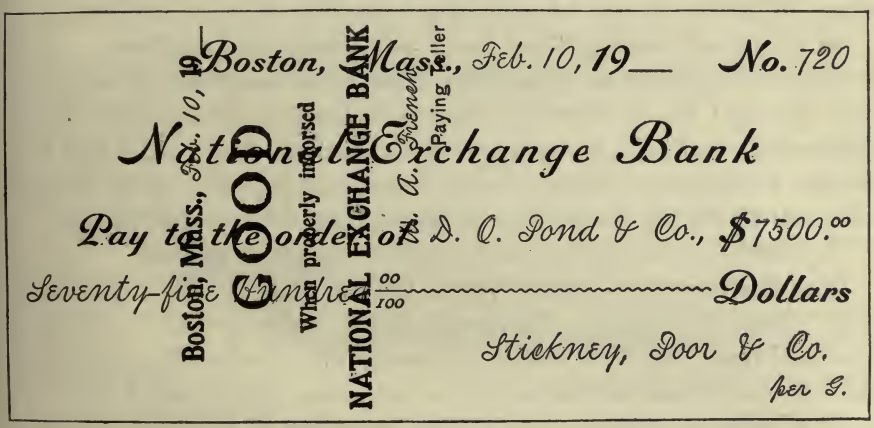
The paying teller's position is charged with more responsibility than that of any other person in the bank, except the officers. He must be a man of the strictest integrity, possessed of tact, and thoroughly conversant with the laws governing bank checks and drafts. His most responsible duty is to see that no money is paid out improperly. Among the many things that he should have in mind when checks are presented the most important may be stated as follows:

1. Signatures of customers.
2. New signatures, powers of attorney, notices stopping payments of checks, etc.
3. Definite knowledge of the parties presenting vouchers.
4. Average balances of customers, so that overdrafts may be prevented.

When checks, etc. are received the paying teller should note:

1. That they are properly dated.
2. That they are indorsed.
3. That the amounts written in words agree with the amounts written in figures.

Form of Certified Check


Boston, Mass., Feb. 10, 19__ No. 720
National Exchange Bank
Pay to the order of D. O. Pond & Co., $7500.00
Seventy-five Hundred 00/100 Dollars
Stickney, Poor & Co.
per S.
Boston, Mass., Feb. 10, 19
7500 00
When properly indorsed
A. Friend
Paying Teller
NATIONAL EXCHANGE BANK

The Certified Check Book. — The paying teller preserves a record of all checks certified, in a book kept especially for this purpose. From

this book the customer is charged in the individual ledger and Certified Checks credited. The following is the usual form of this book.

Certified Check Book

DATE CERTIFIED		DRAWER OF CHECK	FOR WHOM CERTIFIED	CK.	AMOUNT OF CHECK		WHEN PAID		AMOUNT PAID
19—							19—		
Feb.	15	D. B. Roberts	D. B. Roberts	✓	5000		Feb.	18	5000
	15	Thos. Bennett & Co.	M. D. Borrows	✓	1750			17	1750
	15	Spencer, Mead & Co.	W. W. Bennett	✓	2000				
				✓	8750				
Feb.	16	W. I. Pratt	W. I. Pratt	✓	1500		Feb.	19	1500
	16	J. O. Baker	Elwood & Sperry	✓	2000			18	2000
	16	Decker Bros.	Reardon & Smith	✓	7249	20			
	16	F. E. Sherman	F. E. Sherman	✓	1500			23	1500
				✓	12249	20			

Transactions for the Paying Teller, March 1

Take the blank for paying teller's daily check sheets and enter the following transactions. Study very carefully the form given on pages 32 and 33. Consult your instructor if you need to.

1. Checks on our bank paid to-day are as follows:

Charles J. Kennedy (New York draft), $420.75; F. E. Sherman, $1200; Powers & Sprague, $1000; Lane, Rowell & Co., $300; Wyckoff, Seamans & Benedict, $450; Janis, Cooper & Tremper, $1500; Fields Milling Co., $500; J. O. Baker, $1049.75; W. I. Pratt, $725.

2. Checks on clearing-house banks paid to-day are as follows:

Bunker Hill National Bank, $920; Suffolk National Bank, $750; Colonial National Bank, $609.05; Shoe and Leather Bank, $500; Third National Bank, $400; Metropolitan National Bank, $725; Eliot National Bank, $1250.40; Citizens National Bank, $4120.40; Park Square National Bank, $2140.50; New England National Bank, $1440.50.

3. Checks on out-of-town banks paid to-day are as follows:

Manufacturers and Traders Bank, Philadelphia, $700.50; collection, 75¢. Bank of Commerce, Baltimore, $1300; collection, $1.25. Fourth National Bank, Hartford, $3250; collection, $3. Farmers Bank, Albany, $1500; collection, $1.50.

4. Checks on banks in our city not members of the clearing house, paid to-day, are as follows:

Union Trust Co., $300; Powers Bank, $572.50.

Sold the following drafts on Chemical National Bank, New York.

1. Sold for cash:

Frey & Thomas Co., $1500; exchange, $1.50. David Gray, $500; exchange, 50¢. Charles M. Miner, $750; exchange, 75¢.

2. Sold for check:

Charles J. Kennedy, $420.50; exchange, 25¢.

Enter the above on the paying teller's daily check sheet.

Open the certified check book. There is but one unpaid check, as follows: check of Wyckoff, Seamans & Benedict, dated Feb. 23, certified for Elliot Mfg. Co., $17,500.

Draw a double red line immediately under this amount, so that it will not be counted when the certified checks for to-day are footed.

Certify the following checks: J. H. Crandall, $1200; C. E. Denison, $500; W. I. Pratt, $600.

Enter the above in the certified check book.

Pay cashier's charge ticket for 2 tons of coal, $9.50.

The items for the *Sundry Receipts* column are as follows:

Bills and coin from yesterday's proof, $206,710.81; bills and coin received from the receiving teller at the close of yesterday's business, $15,280.45; bills and coin received from the receiving teller during the day, $2900; bills and coin received from the note teller at the close of yesterday's business, $5504.40; received from the clearing house for to-day's exchanges, $31,863.11.

Add the columns of the paying teller's daily check sheet. Make out the *Recapitulation and Proof* blank. A careful count of the cash now on hand under various heads (subdivisions of bills and coin only) shows an amount of $237,804.92.

Foot the certified check book. Submit your paying teller's records to your instructor for approval.

NOTE. — The paying teller makes out his proof before the cash from the receiving teller and note teller has been turned over to him. After the receiving teller and note teller respectively make their proofs they turn over the balance of cash in their hands to the paying teller. These amounts appear on the paying teller's proof on the day following.

WORK OF THE NOTE TELLER

The **Duties** of the note teller are difficult to define, since there is a wide difference among banks as to the work assigned to this clerk. In nearly all banks, however, he is required to present for payment such notes, acceptances, coupons, etc., as are due and payable in the city,

and to collect the city office items turned over to him at the close of each day by the receiving teller, paying teller, and correspondence clerk.

The **Runners** of the bank are generally under the supervision of the note teller. These runners are assigned a definite route, which they cover daily, and present for payment or acceptance such paper as may be allotted to them. They keep a *route book*, in which is recorded a full description of such paper.

The Note Teller's Records. — As a rule the charge and credit tickets, letters, or other memoranda which affect the general ledger, the credit tickets for the proceeds of bills discounted, and collection items for the individual ledger pass through the note teller's hands before reaching the general and individual bookkeepers. To make this work as simple as consistent with approved banking practice, we have deviated from this plan to the extent of deferring these items until the enumeration of the memoranda for the general and individual bookkeepers' transactions is given on subsequent pages. The note teller's daily check sheets and proofs will therefore be omitted. The sagacious student, however, would soon perceive the offices and possibilities of these sheets in banks making use of them.

Charging Notes to Out-of-Town Banks. — Notes and drafts discounted, payable out of town, are usually sent away for collection about ten days before they are due. At the maturity of these notes and drafts they are charged to the banks to which they are remitted, without waiting for letters advising collection.

Each morning the discount clerk takes the bills discounted, payable in the city and falling due on that particular day, from the note file and compares them with the items listed on the discount tickler, after which they are handed to the note teller for collection. As the paper is disposed of a record is made in the *Remarks* column of the discount tickler.

Make the proper records in the discount tickler for the paper disposed of to-day. In the *Remarks* column write:

For No. 889, *Charged to Pratt.*
For No. 866, *Charged to Traders National.*
For No. 842, *Charged to Traders National.*
For No. 893, *Certified, M. N. B.*
For No. 901, *Certified, E. N. B.*

NOTE. — Nos. 866 and 842 will be charged to the banks specified at their face. It is customary with banks not to make any record of collection and exchange on such items until the bank to which the notes were remitted sends notice of collection.

Rule and foot the discount tickler. (See model, pages 16 and 17.)

Each morning the collection clerk proceeds, in much the same manner as the discount clerk, to turn over to the note teller the collections payable in the city and falling due on any particular day. As this paper is disposed of a record is made in the *Remarks* column of the collection tickler.

Make records in the collection tickler for the paper disposed of to-day. In the *Remarks* column write:

For No. 744, *Paid, 3/1.*

For No. 755, *Paid, 3/1.*

Collections are not charged to the banks to which they are sent until a report of collection has been received. Farmers Bank, Albany, reports that collections 650 and 702 have been paid and placed to the credit of your account. In the *Remarks* column of the collection tickler write:

For No. 650, *Charged Farmers Bank, 3/1. Bank's collection, $1.75; our collection, 75¢.*

For No. 702, *Charged Farmers Bank, 3/1. Bank's collection, $1.20; our collection, $3.*

Form of Letter advising of Collections Credited

JOHN O. NORRIS, President — ROBERT HALL, Vice President
L. H. PIERSON, Cashier

NATIONAL EXCHANGE BANK

ALBANY, N.Y., *Feb. 12,* 19—

MR. *Chas. W. Hamilton,* Cashier
Merchants National Bank
Boston, Mass.

DEAR SIR,—We credit your account this day for the proceeds of collections as stated below. Respectfully yours,
L. H. Pierson, Cashier

YOUR NO.	PAYER	AMOUNT	CHARGES	PROCEEDS
720	E. C. Mills	800	2	798
716	W. E. Frey	900	2 50	897 50
692	C. C. Bond	750	1 50	748 50
710	W. D. Long	500	1 25	498 75
		2950	7 25	2942 75

WORK OF THE CORRESPONDENCE CLERK

The province of this clerk is to keep the accounts of all the out-of-town banks with whom we have dealings. All cash items received from or sent to these banks are handled by this clerk, and so kept entirely separate from the items received for collection by the collection clerk.

Checks and sight drafts received on deposit, which are payable out of town, are remitted to our correspondents (out-of-town banks with whom we have regular dealings) the same as cash.

Sometimes the collection clerk handles checks on out-of-town banks and sight papers payable out of town. If any paper is received for collection, it should be turned over to the collection clerk, entered in the collection register, and transferred to the collection tickler. If any paper is received on deposit, it should be turned over to the correspondence clerk and entered in the remittance register to the credit of the bank making the remittance. (See page 95.)

Remittance Register and

Chemical National

DATE OF TRANSACTION		C. B. FOLIO	EXPLANATION OF TRANSACTION	DESCRIPTION OF REMITTANCE ITEMS	
				INDORSER	PAYER
Feb.	2		Balance		
	3		Remitted for credit	F. E. Sherman	A. B. Lyman
			Remitted for credit	C. E. Denison	Ruggles & Co.
			Remitted for credit	Powers & Sprague	Filens & Co.
		41	Remitted for credit	Fernald, Son & Co.	Moore & Freeman
	3	41	Discount No. 590, charged		
	3	40	Total items received for credit		
	4	41	Discount No. 565, charged		
	4	40	Total items received for credit		
	4	40	Drafts per draft register		

Remittance Register and Out-of-Town Banks Ledger. — This book contains a record of all transactions with out-of-town banks. It serves the double purpose of registering remittances and giving a full and detailed ledger account of all out-of-town banks. The aggregate balances of the accounts in this book should at all times agree with the balance of Out-of-Town Banks account in the general balance ledger.

The following are the balances shown on the remittance register at the present time.

	Dr.	*Cr.*
Traders National Bank, Buffalo	$2754.90	
Manufacturers and Traders Bank, Philadelphia		$1472.20
Bank of Commerce, Baltimore	3240.95	
Fourth National Bank, Chicago	15219.65	
Ninth National Bank, Hartford	3752.60	
Chase National Bank, Providence	7572.20	
Chemical National Bank, New York	75920.50	
Farmers Bank, Albany		648.90
Alliance National Bank, Springfield	5214.90	
First National Bank, New York (Approved Reserve Agent)	162240.70	

Enter the above balances in the remittance register, one account to a page. The amounts of all balances in this book are written in red ink.

Out-of-Town Banks Ledger

Bank, New York

CHARGED					LEDGER STATEMENT OF THE ACCOUNT							
WHERE PAYABLE	DATE OF PAPER		AMOUNT		DEBIT BALANCES		CHARGES		CREDITS		CREDIT BALANCES	
					1490	*60*						
Your bank	Feb.	1	500	90								
Ninth National		1	650									
Traders Nat'l, Brooklyn		2	750									
Second National		2	920				2820	90				
							7500					
							10320	90				
					9115	*75*			2695	75		
							1000					
									3620	90		
									6590		*95*	*15*
									10210	90		

This morning's mail contained the following amounts from the banks named, for credit. Enter the amounts in the remittance register, being very careful to record everything correctly. Study the accompanying model. Only the total remittances are given below, since the items need not be recorded in the remittance register. The letters containing an itemized statement of this paper are filed for reference, and may be

examined whenever it is necessary to look up any of the details relating to any particular remittance.

Traders National Bank, Buffalo	$1142.90
Bank of Commerce, Baltimore	1642.95
Fourth National Bank, Chicago	4694.25
Chemical National Bank, New York	560.20
Manufacturers and Traders Bank, Philadelphia	4500.
Chase National Bank, Providence	1721.42
Farmers Bank, Albany	4921.62
Alliance National Bank, Springfield	3752.88

Form of Letter advising Remittance of Cash Items for Credit

HENRY L. MILLER, President — G. W. WILLIAMS, Cashier — GEO. A. DUNKLE, Vice President

Manufacturers and Traders Bank

Philadelphia, Pa., Feb. 27, 19—

Mr. E. C. Paige, Cashier
Commercial National Bank
Boston, Mass.

Dear Sir,— Please find herewith for **CREDIT** *to our account the items listed below.*

DATE		DRAWEE	ITEMS		AMOUNT CHARGED	
Feb.	24	City National, Cambridge	750			
	23	Your Bank	240			
	25	Old Colony National	600	90	1590	90

Very respectfully yours,
G. W. Williams, Cashier

The following are the drafts drawn on Chemical National Bank, New York, as per stubs in the draft book.

No. 430, $1500; No. 431, $500; No. 432, $750; No. 433, $420.50.

Enter the foregoing drafts in the draft register. Foot the draft register and credit Chemical National Bank in the remittance register for the total. Check the amount transferred.

The Draft Register. — Bank drafts are taken from a book resembling an ordinary check book. They are in reality checks of one banking institution upon another banking institution. In due time they find their way to the banks upon which they are drawn; they are charged to the banks drawing them, and then returned in much the same manner as the checks of resident depositors. These drafts are transferred from the draft book to the draft register, — a blank provided with two columns, one for the numbers, and one for the amounts of the drafts. At the close of the day the draft register is footed, and the total compared with the footing of the draft column of the paying teller's daily check sheet, and posted to the remittance register.

Draft Register

Drafts on Chemical National Bank

New York City

DATE		CK.	NO.	AMOUNT		DATE		CK.	NO.	AMOUNT	
19—											
Feb.	15	✓	325	750					Fwd.	2201	80
	15	✓	326	250	50	Feb.	16	✓	335	800	
	15	✓	327	500	45		16	✓	336	508	20
	15		328	499	55		16	✓	337	600	
	15	✓	329	1500			16	✓	338	54	
	15	✓	330	750				✓		4164	
		✓		4250	50						
Feb.	16	✓	331	720							
	16		332	280	40						
	16	✓	333	500	90						
	16	✓	334	700	50						
			Fwd.	2201	80						

Special Agents or Correspondents. — A bank does not enter into business relations with every individual bank from which checks and drafts may be received. In the course of a month a large bank would have paper for collection payable at many hundred banks located at different points throughout the country. To send this paper to the various banks upon which it is drawn would be most inconvenient as well as expensive. To obviate this, banks have special agents or correspondents located at convenient centers through which it makes its collections. This arrangement simplifies the whole business of collecting paper and reduces the correspondence of the bank to a minimum.

We have this day made the following remittances to out-of-town banks for credit. (See form for remittance letter, page 42.)

To Traders National Bank, Buffalo.

Check of Bates, Torey & Co., dated Feb. 26, on Second National Bank, Buffalo, indorsed by Spencer, Mead & Co., for $1340.20; check of A. B. Murray, dated Feb. 25, on Central Bank, Rochester, indorsed by Manufacturers and Traders Bank, Philadelphia, for $1321.72; draft of First National Bank, Worcester, dated Feb. 25, on Traders National Bank, Buffalo, indorsed by Alliance National Bank, Springfield, for $722.40.

To Bank of Commerce, Baltimore.

Check of F. E. Barry, dated Feb. 25, on Commercial Bank, Baltimore, indorsed by Spencer, Mead & Co., for $342.90; check of M. E. Gay, dated Feb. 24, on Bank of Commerce, indorsed by Alliance National Bank, Springfield, for $142.16.

To Fourth National Bank, Chicago.

Check of A. B. Tonner, dated Feb. 23, on First National Bank, St. Louis, indorsed by Alliance National Bank, Springfield, for $1721.95; check of D. O. Manning, dated Feb. 23, on Commercial Bank, Cincinnati, indorsed by Farmers Bank, Albany, for $122.75; check of F. W. Wayne & Co., dated Feb. 23, on Union Bank, Minneapolis, Minn., indorsed by Farmers Bank, Albany, for $1420.50.

To Chemical National Bank, New York.

Check of C. E. Bolles, dated Feb. 23, on Eliot National Bank, Poughkeepsie, indorsed by Spencer, Mead & Co., for $1343.46; check of Morton & Mills, dated Feb. 21, on City National Bank, Peekskill, indorsed by Thomas Bennett & Co., for $1325.62; check of D. E. Brown, dated Feb. 21, on Second National Bank, Brooklyn, indorsed

by Thomas Bennett & Co., for $1462.91; check of Earl & Henderson, dated Feb. 20, on Merchants Bank, Paterson, indorsed by Thomas Bennett & Co., for $142.10; check of A. B. King, dated Feb. 24, on Rockland National Bank, Brooklyn, indorsed by E. L. Howard, for $142.60.

To Alliance National Bank, Springfield.

Check of C. W. Gray, dated Feb. 24, on Bay State Bank, Worcester, indorsed by C. E. Denison, for $1590.60; check of C. H. Thurber, dated Feb. 26, on Alliance National Bank, Springfield, indorsed by E. L. Howard, for $1121.40; check of W. H. Greeley, dated Feb. 24, on National City Bank, Northampton, indorsed by E. L. Howard, for $24.16.

To Ninth National Bank, Hartford.

Check of Jones Dairy Co., dated Feb. 23, on City Bank, Hartford, indorsed by E. V. Buckley & Son, for $621.40; check of Oak Grove Creamery Co., dated Feb. 23, on Citizens Bank, Torrington, indorsed by E. V. Buckley & Son, for $340.

To Chase National Bank, Providence.

Check of C. F. Gray, dated Feb. 21, on Second National Bank, Providence, indorsed by Fourth National Bank, Chicago, for $1694.25; check of E. C. Delano, dated Feb. 21, on Union Bank, Providence, indorsed by Fourth National Bank, Chicago, for $1500; check of C. A. Snow, dated Feb. 20, on Union Bank, Providence, indorsed by Alliance National Bank, Springfield, for $1166.37.

To Farmers Bank, Albany.

Check of F. E. Smith, dated Feb. 23, on Central Bank, Troy, indorsed by Fernald, Son & Co., for $1750; check of Crescent Mfg. Co., dated Feb. 24, on Commercial Bank, Utica, indorsed by W. I. Pratt, for $1900.

Enter the above paper in the remittance register, showing each item in detail. The letters containing a description of this paper are sent away, and unless we take a copy of such letters we have nothing to show in detail the amounts of our remittances from time to time.

The note teller has advised you, by means of charge tickets, of the following debits to out-of-town banks.

Traders National Bank, Buffalo, note for $5000 (discount No. 842); Traders National Bank, Buffalo, note for $7500 (discount No. 866); Farmers Bank, Albany, proceeds of collection No. 650, $723.25; Farmers Bank, Albany, proceeds of collection No. 702, $1198.80.

Enter the foregoing items in the remittance register. Consult your instructor if necessary.

Form of Charge Ticket

The Traders National Bank

Boston, Mass., June 2, 19__

Charge

Chemical Nat'l Bank, N.Y.	*#750*	*7500*	
Mechanics Nat'l Bank, Buffalo	*#695*	*725*	*50*

E. O. Burrill,

Discount Clerk

On a line with the last item entered extend the balances for all the accounts in the remittance register. Note particularly the two columns for balance. The debit balances are written on the left and the credit balances on the right **in red ink.** (See model, pages 40 and 41.)

Present your remittance register to your instructor for approval.

WORK OF THE INDIVIDUAL BOOKKEEPER

The work of this clerk is to be found in the individual ledger.

The **Individual Ledger** contains all the accounts with depositors. It is a book of original entry for the various cash transactions which affect these accounts, the entries being made directly from the deposit tickets, checks, charge and credit tickets, etc.

The names of the depositors should be written in alphabetical order. Many large banks have a line of depositors that they can count upon as regular and permanent, and in such cases have the names of these depositors printed in the individual ledger when the book is made, a few blank lines being left after each letter for any additional accounts which it may be found necessary to open from time to time.

At the close of each day's business the columns of this book are footed and proved. The totals of the *Deposits* and the *Total Checks* columns are transferred daily to the debit and credit sides of the general

cash book, crediting and debiting Deposits. The total of the *Balance* column shows the total amount on hand to the credit of depositors and should at all times agree with the balance of the account with deposits in the general balance ledger. (See page 96.)

Individual Ledger

NAME	BALANCE	MONDAY, FEB. 15, 19—				TUESDAY, FEB. 16, 19—			
		CHECKS IN DETAIL	TOTAL CHECKS	DEPOSITS	BALANCE	CHECKS IN DETAIL	TOTAL CHECKS	DEPOSITS	BALANCE
Andrews, E. B.	11258 20	42 16 19 20 110 38 100 500	171 74	150	11236 46	600 1400 16 40 249 80	2000		9236 46
Bennett, D. W.	12301 85	400	1000	1200	12501 85	750 20	1016 40	2016 40	13501 85
Comer, Geo. A.	6619 99			2400	9019 99	278 10 721 90	1000	1750	9769 99
Ernst Mfg. Co.	18044 54	4500 07 10 76 238 49	4500 07	175 90	13720 37	4000 258 80 42 11 125 60	4258 80	2129 40	11590 97
Freeman & Co.	4812 00	628 70	877 95	D1900 500	6334 65	720 90 225	887 71	2887 71	8334 65
Goodwin & Co.	1219 00				1219 60	75 90 124 40	390		829 60
Jennings, C. W.	9216 40	750	750		8466 40	1125 60	1340	2340 50	9466 90
Moore, Geo. R.	7216 25	100 900	1000	C500 2500	9216 25			C1000 58 D1200 92	11417 75
Rowell & Lane	621 50	50 150	200	175	596 50	42 60 321 80 250 60 292 10 500	615		*18 50*
Smith & Seamans	7360 90	932 10 1250	2212 10	D1119 40 1460	7728 20	400	1192 10	C192 10	6728 20
Wilson, D. O.	6510 50			1400	7910 50				7910 50
Certificates of Deposit	750			1750	2500	500	500		2000
Certified Checks	2400	300 500 700	1500	1000	1900	250	250		1650
Cashier's Acct.				1500	1500				1500
Total Balances	88332 33	12211 86	✓ 12211 86	✓ 17730 30	93850 77	13450 01	✓ 13450 01	✓ 13517 61	93936 87
Total Overdrafts									*18 50*
Net Balances									93918 37

The accounts in the individual ledger for the last business day show the following balances.

Decker Bros., $12,486.18; Mace, Gilmore & Co., $19,874.15; Spencer, Mead & Co., $28,652.90; D. B. Roberts, $752.91; E. L. Howard, $11,216.94; Fernald, Son & Co., $21,724.92; Thomas Bennett & Co., $12,172.41; W. I. Pratt, $7296.84; D. E. Avery, $15,162.40;

J. H. Crandall, $74,652.40; C. E. Denison, $16,240.90; Freeman, Austin & Co., $11,200.50; C. E. Selover & Co., $19,200; Lane, Rowell & Co., $37,500.06; F. E. Sherman, $12,172.45; Wyckoff, Seamans & Benedict, $77,314.31; E. V. Buckley & Son, $24,214.93; J. O. Baker, $51,342.40; Powers & Sprague, $15,294.63; Janis, Cooper & Tremper, $37,582.69; Charles J. Kennedy, $45,272.75; Fields Milling Co., $14,352.90; Certified Checks, $17,500; Certificates of Deposit, $5000; Cashier's Checks, $2000; Total, $590,180.57.

Open the above accounts in the individual ledger in alphabetical order, one account to a line, after which present your ledger to your instructor for approval.

The Individual Bookkeeper's Duties may be briefly referred to as follows:

1. He takes charge of the bank's accounts with depositors.
2. He meets depositors and answers questions with reference to their accounts.
3. He writes up the depositors' pass books.

In large city banks there are frequently many thousand accounts with depositors, and the individual ledger is necessarily subdivided, a section of accounts being given to each of the several individual bookkeepers employed.

NOTE. — The student should remember that the assignment of work to the various clerks of a bank would necessarily differ with different banking institutions. In the smaller banks one clerk would fill offices that in larger banks would be assigned to several clerks, while in the largest banks of the country the work of many of the departments would be subdivided among different clerks.

TRANSACTIONS FOR THE INDIVIDUAL BOOKKEEPER, MARCH 1

The individual ledger being a book of original entry, the bookkeeper in charge of this department usually makes the entries directly from the deposit slips, checks, charge and credit tickets, etc., passed on to him by the receiving teller, paying teller, note teller, and correspondence clerk.

The deposits from customers for to-day may be found in the *Amount Credited* column of the receiving teller's daily check sheet. Enter these deposits in the *Deposits* column of the individual ledger. Place a check mark by the side of the customer's account on the receiving teller's sheet.

The note teller has turned over credit tickets for the proceeds of the following paper collected for customers to-day: Nos. 650, 702, 744, and 755.

Enter the proceeds of these collections in the *Deposits* column of the individual ledger. The amounts are shown by the records in the

collection tickler. Be sure to deduct all collection charges. Check the items transferred.

Straight deposits require no explanation in the individual ledger, but discounts and collections are generally designated by writing *D* and *C* respectively before the amounts. (See model individual ledger, page 47.)

Commercial National Bank

Credit *Boston, Mass., Feb. 25, 19—*

NUMBER OF COLLECTION	ACCOUNT TO BE CREDITED	PROCEEDS	
720	Wyekoff, Seamans & Benedict	962	50
690	J. C. Baker	712	90
710	Powers & Sprague	841	20

John H. Armistead,
Collection Clerk

Credit tickets have also been received from the note teller for paper discounted for customers to-day.

Enter the proceeds of these notes in the *Deposits* column of the individual ledger. Refer to the discount register for the amounts. Check the items transferred.

The total of the checks certified for to-day, as reported by the paying teller, is $2300. Enter the amount in the *Deposits* column, opposite Certified Checks. Check the amount in the certified check book.

Checks of depositors have been received by the paying teller and turned over to the individual bookkeeper, as shown in the *Our Bank* column of the paying teller's daily check sheet. Enter these items in the *Checks in Detail* column of the individual ledger opposite the names of the drawers. Check the items transferred.

Charge tickets have been received from the paying teller on account of certified checks. Refer to the certified check book for the amounts of these tickets. Enter the amounts in the individual ledger the same as regular checks. Check the items transferred.

Checks of depositors have been received by the receiving teller, entered on his check sheets, and turned over to the individual bookkeeper. A list of these checks, with the names of the drawers, is as follows:

Mace, Gilmore & Co., $720.50, $1500; Decker Bros., $1250.20; Spencer, Mead & Co., $340.20; Fernald, Son & Co., $72.60; W. I. Pratt, $650.60; F. E. Sherman, $1625; C. E. Denison, $1750; Thomas Bennett & Co., $200, $1242.10; E. L. Howard, $40.50; Charles J. Kennedy, $200, $262.90.

Enter the above items in the *Checks in Detail* column.

The note teller has turned over a charge ticket for discount No. 889. Refer to the discount tickler for the amount. Check the item transferred.

The following depositors' checks have come in from the clearing house.

D. E. Avery, $625, $127.52; J. O. Baker, $1275; Thomas Bennett & Co., $2500; E. V. Buckley & Son, $115.40; J. H. Crandall, $462.50; Decker Bros., $1200, $750.42, $500; Freeman, Austin & Co., $1750; E. L. Howard, $75.40; Charles J. Kennedy, $400.60; Mace, Gilmore & Co., $120, $40.50; D. B. Roberts, $22.40; Wyckoff, Seamans & Benedict, $167.50, $125; F. E. Sherman, $750, $211.40, $600.

Enter the above in the *Checks in Detail* column.

The correspondence clerk has turned over the depositors' checks received from out-of-town banks. Enter them in the *Checks in Detail* column.

Spencer, Mead & Co., $650; Fields Milling Co., $850; Janis, Cooper & Tremper, $560; Lane, Rowell & Co., $721.42; Powers & Sprague, $1000.

Extend the sum of the checks drawn by each depositor into the *Total Checks* column of the individual ledger. Foot the *Checks in Detail*, *Total Checks*, and *Deposits* columns. The sum of the *Total Checks* column should agree with the sum of the *Checks in Detail* column. Determine the new balance to the credit of each depositor by adding the deposits and subtracting the total checks for the day. Enter the new balance in the *Balance* column for March 1. Foot the *Balance* column.

Prove the correctness of the individual ledger as follows:

Add the total deposits for to-day to the total balances for yesterday. From this sum subtract the total checks for to-day. If no error has been made, the difference so found should be the same as the total balances for March 1.

Present your individual ledger to your instructor for approval.

WORK OF THE GENERAL BOOKKEEPER

The records of the general bookkeeper are principally found in the general balance ledger and general cash book.

The **General Balance Ledger** contains a summary of the entire operations of the bank, systematically collated from the various departments. It is provided with three columns for each business day in the week. The first column contains the balances of the various accounts. The debit balances are written in black ink, and the credit balances in red ink. It is a regular double entry ledger; therefore the total of the red ink balances should at all times equal the total of the black ink balances. The next two columns are for daily debit and credit additions to the accounts in this ledger. Among the advantages of this form of ledger over the old form of mercantile ledgers are:

1. It furnishes more convenient data for preparing the daily statement of the bank.
2. It requires less clerical work.
3. It serves the purpose of a trial balance.

General Balance Ledger

			Monday, Feb. 5, 19—					
	BALANCE		DEBITS		CREDITS		BALANCE	
Cash	281690	28	76665	90	58665	90	299690	28
Out-of-Town Banks	121200	72	75240	16	81240	16	115200	72
Bills Discounted	129640	30	32500		32129	84	130010	46
Redemption Fund	4500						4500	
Furniture and Fixtures	6000						6000	
Premium on U.S. Bonds	2000						2000	
Real Estate	7500						7500	
Expense	240		50	04			290	04
U.S. Bonds	100000						100000	
Capital Stock	*200000*						*200000*	
Circulation	*100000*						*100000*	
Collection and Exchange	*2902*	*34*			120	10	*3022*	*44*
Deposits	*230008*	*57*	72840	10	84840	10	*242008*	*57*
Surplus Fund	*100000*						*100000*	
Undivided Profits	*12500*	*75*					*12500*	*75*
Discount	*7359*	*64*			300	10	*7659*	*74*
	652771	30					665191	50
	652771	*30*	257296	20	257296	20	*665191*	*50*

The **General Cash Book** contains a record of all amounts affecting the general balance ledger of the bank. Any account that does not appropriately belong to the special books already referred to is recorded directly in this book. It is not essentially different from the cash book used by mercantile houses. The left side is provided with four

General

Monday,

	F	ACCOUNT AND EXPLANATION		COLLECTION AND EXCHANGE		OUT-OF-TOWN BANKS		GENERAL		TOTALS	
		Balance	On hand							162940	50
	3	Bills Discounted	D. T.					12000			
	✓	Alliance Nat'l Bank, Springfield				2400	50				
	✓	Bank of Commerce, Baltimore, 1800.00, 729.40				2529	40				
	✓	Farmers Bank, Albany, 200.00, 821.00				1021					
	✓	Fourth Nat'l Bank, Chicago				12000					
	✓	Coll. and Exch.	Disc. R.	72	40						
	3	Interest and Discount	Disc. R.					270	50		
	✓	Coll. and Exch.	R. Teller	14	50						
	✓	Coll. and Exch.	P. Teller, 3.50, 11.20	14	70						
	✓	Coll. and Exch.	C. T., 1.25, 2.00, 1.50	4	75						
	3	Deposits	I. L.					178240	95		
	3	Coll. and Exch.	Total for day	106	35			106	35		
	3	Out-of-Town Banks	Total for day			17950	90	17950	90	208568	70
										371509	20

columns, one for collection and exchange, one for receipts from banks, one for sundry receipts, and one for totals. The right side is provided with three columns, one for cash remittances to banks, one for sundry payments, and one for totals.

The difference between the sides of this book should at all times show the balance of cash on hand.

The **General Bookkeeper** in a large bank occupies a position of special responsibility. He is the chief accountant of the bank, all the work in each of the several departments coming under his general supervision. Upon him devolves the work of classifying the general results of the bank and the rendering of statements required by the board of directors and by the regulations of the bank.

He usually has personal charge of the general cash book and the general balance ledger.

Transactions for the General Bookkeeper, March 1

The general balance ledger exhibited the following balances at the close of Saturday, Feb. 27.

Cash Book

Feb. 15, 19__

F	ACCOUNT AND EXPLANATION		OUT-OF-TOWN BANKS		GENERAL		TOTALS	
3	Bills Discounted	Disc. R.			12500			
✓	Alliance Nat'l Bank, Springfield		7500					
✓	Chemical Nat'l Bank, N.Y., 7240.50, 2500.00		9740	50				
✓	Farmers Bank, Albany		7240	11				
✓	Chase Nat'l Bank, Providence, 120.50, 400.00		520	50				
✓	Ninth Nat'l Bank, Hartford		162	40				
✓	Traders Nat'l Bank, Buffalo, 2500.00, 320.40		2820	40				
3	Deposits	I. L.			152240	95		
3	Out-of-Town Banks	Total for day	27983	91	27983	91	192724	86
	Balance — *Paying Teller's Currency*	*166901.43*						
	Balance — *Clearing-House Checks on hand*	*11240.72*					*178784*	*34*
	Balance — *Cash Items (City and Foreign) on hand*	*642.20*						
							371509	20

Credit Balances

✓	Capital Stock	$400000.
✓	Circulation	200000.
✓	Collection and Exchange	21275.10
✓	Deposits	590180.57
✓	Interest and Discount	16240.10
✓	Surplus Fund	100000.
✓	Undivided Profits	5728.14
	Loss and Gain	
	Protest Fees	

Debit Balances

✓	Cash	$238995.66
✓	Bills Discounted	496722.50
	Protested Paper	
✓	Out-of-Town Banks	273795.30
	Due from U.S. Treasurer	2000.
✓	U.S. Bonds to secure Circulation	200000.
	Salaries	4750.
	Stocks and Bonds	62500.
✓	Real Estate	27500.
✓	Redemption Fund with the U.S. Treasurer	10000.
✓	Furniture and Fixtures	12625.50
✓	Premium on U.S. Bonds	4000.
✓	Expense	214.95
	Taxes	320.

Enter the above balances in the general balance ledger. **Write the credit balances in red ink and the debit balances in black ink.** When the accounts are properly opened ascertain if the footings of the debits and credits are equal. Present your work to your instructor for approval.

Write the balance of cash on hand, $238,995.66, in the general cash book. (See model, pages 52 and 53.)

In practice the general bookkeeper would have before him charge and credit tickets, letters, etc., from which to make entries in the general cash book. These entries are generally made when the day's transactions have been completed. Then all the tickets can be assorted so that they may be recorded conveniently.

The debits and credits for the general cash book March 1 are as follows:

1. From the discount register debit Bills Discounted for the total of the *Amount of Paper* column, and credit Collection and Exchange for the total of the *Collection and Exchange* column, and Interest and Discount for the total of the *Interest and Discount* column. Properly check these totals in the discount register.

2. From the discount tickler credit Bills Discounted for the total of the *Amount to be Collected* column. Properly check the item transferred.

3. From the remittance register credit the several banks for the amounts in the *Credits* column, and debit them for the amounts in the *Charges* column. Properly check the items transferred.

If there is more than one item in the debit or the credit column, short extend the amounts in the general cash book.

4. From the individual ledger credit Deposits for the total of the *Deposits* column, and debit Deposits for the total of the *Total Checks* column. Properly check.

5. From the collection tickler credit Collection and Exchange for our collection charges on Nos. 650 and 702.

6. From the receiving teller's daily check sheet credit Collection and Exchange for the total of the *Collection and Exchange* column. Properly check.

7. From the paying teller's daily check sheet debit Expense for the total of the *Expense* column, and credit Collection and Exchange for the totals of the *Sundry Collection and Exchange* and *Exchange* columns. Properly check.

Prove the cash. The amount of bills and coin on hand is $258,884.32. Clearing-house items on hand amount to $26,205. Cash items (city and foreign) on hand amount to $11,623.

Rule and foot the general cash book. Proceed carefully and make absolutely no errors. Study the model given on pages 52 and 53. Before bringing down your balance for Tuesday, March 2, present your general cash book to your instructor for approval and suggestions.

Post the general cash book to the general balance ledger. Post only the totals of the *Collection and Exchange* and *Out-of-Town Banks* columns. Debit Cash in the general balance ledger for the total receipts, and credit it for the total payments for the day.

Foot the *Debit* and *Credit* columns of the general balance ledger. If correct, they should agree. Determine the new balances in the general balance ledger. Foot these new balances. If correct, the red and black ink totals should agree.

Compare your balance ledger with the model given on page 51, and see if anything remains to be done. If not, present all your books to your instructor for criticism.

Transactions for the Discount Clerk, March 2

The following paper has been offered and accepted for discount. Make proper records for it in the discount register. Deduct the discount for the time notes have to run.

No. 925. Note of Boyd Bros., at 60 days from Jan. 31, discounted for F. E. Sherman, payable at Manufacturers and Traders Bank, Philadelphia, for $17,250. Collection and exchange, $17.50. Proceeds credited.

No. 926. Note of Peterson Bros. & Co., at three months from Jan. 1, discounted for D. B. Roberts, payable at Fourth National Bank, Chicago, for $11,390. Collection and exchange, $11.50. Proceeds credited.

No. 927. Note of C. P. Jameson, at 15 days from March 1, indorsed by Janis, Cooper & Tremper, discounted for D. E. Avery, payable at our bank, for $9275.80. Proceeds credited.

No. 928. Note of A. P. Little & Co., at 30 days from Feb. 23, indorsed by Merrill & Co., discounted for Fields Milling Co., payable at First National Bank, Worcester, for $6290. Collection and exchange, $6.30. Proceeds credited.

No. 929. Note of W. I. Pratt, at 30 days from March 2, payable at Merchants Bank, Torrington, Conn., indorsed by Wells, Osborn & Co., discounted for Charles J. Kennedy, for $12,795. Collection and exchange, $12.75. Proceeds credited.

No. 930. Note of Powers and Sprague, at 30 days from Feb. 24, discounted for Thomas Bennett & Co., payable at our bank, for $3275. Proceeds credited.

No. 931. Note of W. V. Brown, at 30 days from Feb. 27, discounted for Spencer, Mead & Co., payable at our bank, for $1500. Proceeds credited.

Rule and foot the discount register. Prove the footings as explained at the close of discount clerk's work March 1.

Post the entries from the discount register to the discount tickler. Follow instructions to the discount clerk March 1. Be sure to properly check all items transferred.

Transactions for the Collection Clerk, March 2

The following is a list of paper received for collection to-day. Enter it in the collection register.

No. 806. Note signed by D. Appleton & Co., dated Feb. 8, at 30 days, indorsed by C. W. Ellis, payable at our bank, for $7200. To be collected for Ninth National Bank, Hartford.

No. 807. Note signed by Scott & Lucas, payable two months from Jan. 4, at Park Square National Bank, City, for $5162.50. To be collected for Fourth National Bank, Chicago.

No. 808. Note signed by Fanning & Cook, payable in 60 days from Jan. 4, at Union Trust Co., City, for $2750. To be collected for Bank of Commerce, Baltimore.

No. 809. Draft dated Jan. 8, at 60 days from date, on Trenholm Bros., payable at Briggs Bank, Westfield, for $2152.90. To be collected for Farmers Bank, Albany.

No. 810. Draft dated Jan. 8, at 60 days from date, on W. S. Stanton, Springfield, for $1500. To be collected for Fourth National Bank, Chicago.

No. 811. Sight draft dated March 2, on Taylor Bros., City, in favor of Powers & Sprague, payable at our bank, for $1950. To be collected for Powers & Sprague.

No. 812. Sight draft dated March 2, on William Sloan & Son, Poughkeepsie, in favor of Lane, Rowell & Co., for $2750. To be collected for Lane, Rowell & Co.

No. 813. Sight draft dated March 3, drawn on E. C. Baldwin, Springfield, in favor of E. L. Howard, for $1357.60. To be collected for E. L. Howard.

No. 814. Note of David Wells, at 30 days from Feb. 16, with interest at 6%, payable at our bank, for $750. To be collected for J. H. Crandall.

Compute the interest on the $750 for 30 days. Add this interest to the face of the note and write the total in the *Amount* column of the collection register. This should be done with all interest-bearing paper.

No. 815. Note of L. F. Chappell, payable at Fourth National Bank, Chicago, at three months from Jan. 1, for $1250. To be collected for Thomas Bennett & Co.

No. 816. Note of W. B. Burdick, at two months from Jan. 27, with interest, payable at Merchants Bank, St. Louis, Mo., for $2790. To be collected for Thomas Bennett & Co.

No. 817. Sight draft dated March 2, on Bradley & Co., Buffalo, N.Y., for $290.50. To be collected for Thomas Bennett & Co.

No. 818. Sight draft dated March 1, on Winslow & Co., Rochester, N.Y., for $375.62. To be collected for Decker Bros.

Post the collection register to the collection tickler. (See instructions to collection clerk, March 1.)

Transactions for the Receiving Teller, March 2

The following are the regular deposits for to-day. Enter them on the receiving teller's daily check sheet.

Wyckoff, Seamans & Benedict, √ $1600, √ $562, B $2500, B $750, B $12,200.

Spencer, Mead & Co., √ $1740, √ $190, #61 $400, #4 $800, #16 $1290.

D. E. Avery, B $14,270, B $640.70, × $1162.95, × $1436.52, × $1349.20; less collection, $4.15.

J. O. Baker, √ $11,400, √ $45, B $1600, B $9250, B $5450, × $1400; less collection, $1.40.

Thomas Bennett & Co., √ $240, √ $60, #7 $1950, #9 $2325, #15 $1600, O $400.

J. H. Crandall, × $2400, × $1500; less collection, $4.

Decker Bros., √ $3700, B $5210, O $900, × $4500, less collection, $4.50.

Freeman, Austin & Co., #21 $2145, #27 $1360.

E. L. Howard, √ $2400, B $3262.90, B $3040.50, B $6200.

Janis, Cooper & Tremper, √ $1500, B $1100, B $2400, #3 $1140.60, #27 $11,000.

Charles J. Kennedy, #17 $2410, √ $4000, × $1621.40; less collection, $1.65.

Mace, Gilmore & Co., O $1100, B $6270, × $1125.60, #25 $1460, #31 $1652; less collection, $1.25.

Foot the columns of the receiving teller's daily check sheet. Make out *Recapitulation and Proof* blank. Balance on hand: coin, $712; bills, $18,000. You have given to the paying teller during the day $8725. The debit and credit sides of your proof should always balance if the work is correct.

Transactions for the Paying Teller, March 2

The following are lists of checks paid by the paying teller to-day. Enter them on the paying teller's daily check sheet.

1. Checks on our bank:

Wyckoff, Seamans & Benedict (New York draft), $14,260; Spencer, Mead & Co. (New York draft), $4500; F. E. Sherman (New York draft), $3762.50; D. B. Roberts (New York draft), $1000; Powers & Sprague, $7265; W. I. Pratt, $1217.50; Mace, Gilmore & Co., $8290; Charles J. Kennedy, $400; E. L. Howard, $350; Freeman, Austin & Co., $2790; Fields Milling Co. (New York draft), $1400.

2. Checks on clearing-house banks:

Bunker Hill National Bank, $1940; Suffolk National Bank, $1875; Colonial National Bank, $2750.06; Shoe & Leather Bank, $2500; Third National Bank, $400; Metropolitan National Bank, $1700; Park Square National Bank, $3400.60; Citizens National Bank, $6250.50; Eliot National Bank, $4000; New England National Bank, $3257.

3. Checks on out-of-town banks:

Traders National Bank, Buffalo, $17,500, $750, and $1600; collection, $19.85. Bank of Commerce, Baltimore, $400, $1450, and $1725; collection, $3.60. Manufacturers and Traders Bank, Philadelphia, $8500; collection, $8. Fourth National Bank, Chicago, $4685; collection, $4.75. Chase National Bank, Providence, $4500.50; collection, $4.50. Ninth National Bank, Hartford, $3250; collection, $3.25. Chemical National Bank, New York, $1100, $2500, $1650, $9250; collection, $14.50. Eliot National Bank, Springfield, $4792.50; collection, $4.60.

4. Checks on banks in our city not members of the clearing house:

Powers Bank, $172.50; Union Trust Co., $150.

Sold the following drafts on Chemical National Bank, New York.

1. Sold for check:

Wyckoff, Seamans & Benedict, $14,260; exchange, $14.25. Spencer, Mead & Co., $4500; exchange, $4.50. D. B. Roberts, $1000; exchange, $1. Fields Milling Co., $1400; exchange, $1.40. F. E. Sherman, $3762.50; exchange, $3.75.

NOTE. — The exchange items on the above drafts were, in this instance, paid in cash. The record on the paying teller's sheet will be identically the same as where these items are covered by check. By referring to the checks covering these drafts on the left side of the sheet it will be seen that the amounts entered are for the face of the drafts only.

2. Sold for cash:

A. L. Hopkins, $2000; exchange, $1. T. V. Smith, $1500; exchange, 75¢.

Certified the following checks. Enter them in the certified check book.

Lane, Rowell & Co., $11,250; Charles J. Kennedy, $7295; Decker Bros., $1254; J. O. Baker, $9265.

Pay cashier's charge tickets for the following items:

Postage, $12.50; stationery, etc., $25.90; blank books, $142.60.

The items for the *Sundry Receipts* column are as follows:

Bills and coin from yesterday's proof, $237,804.92; bills and coin received from the receiving teller at the close of yesterday's business, $11,747.25; bills and coin received from the receiving teller during the day, $8725; bills and coin received from the note teller at the close of yesterday's business, $9332.15; received from the clearing house for to-day's exchanges, $28,349.17.

Add the columns of the paying teller's daily check sheet. Make out *Recapitulation and Proof* blank. A careful count of the cash now on hand under various heads (subdivisions of bills and coin only) shows an amount of $187,006.03. Foot the certified check book.

TRANSACTIONS FOR THE NOTE TELLER, MARCH 2

Make the proper records in the discount tickler for the paper disposed of to-day. In the *Remarks* column write:

For No. 902, *Charged Alliance National Bank.*
For No. 869, *Charged Alliance National Bank.*
For No. 868, *Paid, 3/2.*
For No. 895, *Charged Farmers Bank.*
For No. 867, *Paid, 3/2.*

Rule and foot the discount tickler.

Advices have been received that the following collections have been paid. Make records in the collection tickler for these collections. In the *Remarks* column write:

For No. 723, *Charged to Chemical National Bank. Bank's collection, $1; our collection, $1.10.*

For No. 726, *Charged to Chase National Bank. Bank's collection, $4; our collection, $5.*

For No. 742, *Charged to Chase National Bank. Bank's collection, $5; our collection, $5.20.*

For No. 743, *Charged to Bank of Commerce, Baltimore. Bank's collection, $1; our collection, $1.25.*

Collections Nos. 756, 800, and 811 have been paid. In the *Remarks* column of the collection tickler write:

For No. 756, *Paid, 3/2.*

For No. 800, *Paid, 3/2.*

For No. 811, *Paid, 3/2.*

Transactions for the Correspondence Clerk, March 2

This morning's mail contained the following remittances from the banks named, for credit. Enter in the remittance register.

Traders National Bank, Buffalo	$9273.40
Bank of Commerce, Baltimore	4213.93
Manufacturers and Traders Bank, Philadelphia	5272.50
Fourth National Bank, Chicago	6395.40
Ninth National Bank, Hartford	5427.30
Chase National Bank, Providence	8216.50
Farmers Bank, Albany	5324.80
Alliance National Bank, Springfield	4152.70

The following are the drafts drawn on Chemical National Bank, New York, as per stubs in the draft book.

No. 434, $14,260; No. 435, $4500; No. 436, $3762.50; No. 437, $1500; No. 438, $1000; No. 439, $2000; No. 440, $1400. Enter these drafts in the draft register. Credit Chemical National Bank in the remittance register for the total.

We have this day made the following remittances to out-of-town banks for collection. In the *To Whom Sent* column of the collection tickler write the name of the bank to which the paper is sent. No other record

is needed at this time. Nos. 804, 805, 809, 810, 813, sent to Alliance National Bank, Springfield; No. 812 sent to Farmers Bank, Albany; Nos. 815 and 816 sent to Fourth National Bank, Chicago; Nos. 817 and 818 sent to Traders National Bank, Buffalo.

Form of Letter to accompany Paper remitted for Collection and Credit

C. H. THURBER, PRESIDENT — CHAS. W. HAMILTON, CASHIER — J. W. MACE, VICE PRESIDENT

MERCHANTS NATIONAL BANK

Boston, Mass., *Feb. 3,* 19__

E. W. Peabody, Esq., Cashier
Second National Bank
New York City

Dear Sir,—I inclose for collection and credit the items stated below.

NO.	PAYER	AMOUNT	
720	*Sibley, Lindsay & Curr*	*7290*	*15*
690	*Baker-Taylor Co.*	*972*	*40*
711	*Jordan, Marsh & Co.*	*1251*	*19*

Please advise us of the payment of the items inclosed. Paper not paid at maturity should be returned to us at once.

Very respectfully yours

Chas. W. Hamilton, Cashier

We have this day made the following remittances to out-of-town banks for credit. Enter them in the remittance register.

To Chemical National Bank, New York.

Check of C. W. Ellis, dated Feb. 26, on Ninth National Bank, Brooklyn, indorsed by E. L. Brown, for $1100; check of Daniel L. Coon, dated Feb. 25, on Union Bank, Peekskill, indorsed by C. W. Gray, for

$2500; check of D. A. McMillen, dated Feb. 24, on Union Bank, Peekskill, indorsed by Bailey & Bailey, for $1650; check of Arthur R. Briggs & Co., dated Feb. 24, on Second National Bank, Brooklyn, indorsed by Novelty Mfg. Co., for $9250; check of Brown Bros., dated Feb. 23, on Second National Bank, Brooklyn, indorsed by D. E. Avery, for $1162.95; check of Wilson & Co., dated Feb. 25, on Second National Bank, Brooklyn, indorsed by D. E. Avery, for $1436.52.

To Farmers Bank, Albany.

Check of Hillis Mfg. Co., dated Feb. 25, on Farmers Bank, indorsed by Temple & Co., for $1500; check of R. E. Porter, dated Feb. 24, on Commercial Bank, Troy, indorsed by D. E. Avery, for $1349.20; check of Garson & Myers, dated Feb. 25, on Merchants Bank, Utica, indorsed by J. O. Baker, for $1400.

To Chase National Bank, Providence.

Check of Warren & Sprague, dated Feb. 24, on Second National Bank, Providence, indorsed by J. H. Crandall, for $1500; check of J. M. Evans, dated Feb. 23, on Union Bank, Providence, indorsed by J. H. Crandall, for $2400; check of Whitman & Smith, dated Feb. 24, on Chase National Bank, Providence, indorsed by Brown Bros., for $4500.50.

To Ninth National Bank, Hartford.

Check of E. L. Conway & Co., dated Feb. 23, on City Bank, Hartford, indorsed by Decker Bros., for $4500; check of Wheeler Mfg. Co., dated Feb. 23, on Fourth National Bank, Hartford, indorsed by Dorman & Co., for $3250; check of Freeman & Co., dated Feb. 24, on Ninth National Bank, indorsed by Briggs, Slote & Co., for $3250.

To Alliance National Bank, Springfield.

Check of Wheeler & Wilson, dated Feb. 25, on Eliot National Bank, Springfield, indorsed by Fulton Boiler Works, for $4792.50; check of Salisbury & Gray, dated Feb. 24, on National City Bank, Northampton, indorsed by Charles J. Kennedy, for $1621.40; check of E. L. Howard, dated Feb. 23, on Bay State Bank, Worcester, indorsed by Traders National Bank, Buffalo, for $1324.40; check of Simpson & Frey, dated Feb. 23, on Bay State Bank, Worcester, indorsed by Traders National Bank, Buffalo, for $1142.60.

To Fourth National Bank, Chicago.

Check of Jones Dairy Co., dated Feb. 24, on Fourth National Bank, indorsed by D. W. Manning & Son, for $4685; check of Raymond &

Son, dated Feb. 24, on First National Bank, St. Louis, indorsed by Alliance National Bank, Springfield, for $1427.52; check of Armour & Co., dated Feb. 23, on Commercial Bank, Cincinnati, indorsed by Chase National Bank, Providence, for $3142.50.

To Traders National Bank, Buffalo.

Check of R. H. White & Co., dated Feb. 25, on Traders National Bank, indorsed by Mason & Hamlin, for $1600; check of E. W. Bloser, dated Feb. 24, on Traders National Bank, indorsed by A. J. Graham, for $750; check of Cushman Bros., dated Feb. 23, on Traders National Bank, for $17,500; check of A. L. Gilbert, dated Feb. 23, on Commercial Bank, Rochester, N.Y., indorsed by Alliance National Bank, Springfield, for $372.70.

To Bank of Commerce, Baltimore.

Check of J. W. Walker, dated Feb. 24, on Bank of Commerce, indorsed by Mason & Hamlin, for $400; check of J. E. Seaver, dated Feb. 23, on Bank of Commerce, indorsed by Mason & Hamlin, for $1450; check of H. G. Healey, dated Feb. 24, on Bank of Commerce, indorsed by D. E. Avery, for $1725; check of J. A. Kinsley, dated Feb. 23, on Union Bank, Washington, indorsed by Chase National Bank, Providence, for $4126.30; check of D. Appleton & Co., dated Feb. 23, on Central National Bank, Paterson, N.J., indorsed by Fourth National Bank, Chicago, for $3162.50; check of Charles H. Dean, dated Feb. 25, on Bank of Commerce, indorsed by W. I. Pratt, for $1300.

To Manufacturers and Traders Bank, Philadelphia.

Draft of Union Bank, Schenectady, dated Feb. 23, on First National Bank, Philadelphia, indorsed by J. H. Crandall, for $700.50; draft of Commercial Bank, Albany, dated Feb. 21, on Manufacturers and Traders Bank, indorsed by Taylor Bros., for $8500.

Letters requesting Immediate Returns. — When paper is sent for collection to out-of-town banks that are not our regular agents or correspondents, it is usually accompanied by letters asking for immediate returns. The model on page 64 is suggestive of the form of letter used.

The note teller has advised you, by means of charge tickets, of the following debits to out-of-town banks. Enter these items in the remittance register.

Alliance National Bank, Springfield, for discount No. 902, $18,500; Alliance National Bank, Springfield, for discount No. 869, $32,400;

Farmers Bank, Albany, for discount No. 895, $28,890; Chemical National Bank, New York, for the proceeds of collection No. 723, $1004.25; Chase National Bank, Providence, for the proceeds of collection No. 726, $4896; Chase National Bank, Providence, for the proceeds of collection No. 742, $5195; Bank of Commerce, Baltimore, for the proceeds of collection No. 743, $1249.

Letter requesting Immediate Returns

W. J. MILLER, President — D. M. GOSNELL, Cashier — J. H. MERRILL, Vice President

The Commercial National Bank

Boston, Mass., *Feb. 7,* 19—

Mr. *W. A. Hinman,* Cashier
National Bank of Commerce
Philadelphia, Pa.

DEAR SIR, — I inclose for COLLECTION and RETURNS the paper listed below.

NUMBER	PAYER	AMOUNT	
629	*W. H. Glenny & Co.*	*224*	*70*
714	*Roosevelt & Son*	*920*	
642	*Siegel, Cooper & Co.*	*715*	*60*

Unless otherwise instructed, properly protest and return to us at once all paper not paid in due course.

Yours very truly

D. M. Gosnell, Cashier

The note teller has also advised you that collection No. 756 has been paid and credited to Farmers Bank, Albany, at its face, $79.23.

Extend the balances on the remittance register as explained March 1.

Present your remittance register to your instructor for approval.

Transactions for the Individual Bookkeeper, March 2

Enter the deposits from customers in the individual ledger. The amounts are found on the receiving teller's daily check sheet.

The note teller has turned over credit tickets for the proceeds of the following collection paper collected for depositors to-day: Nos. 723, 726, 742, 743, 800, and 811. Enter the proceeds of these collections in the *Deposits* column of the individual ledger as explained March 1.

Credit tickets have also been received from the note teller for paper discounted for customers to-day. Enter the proceeds of these notes to the credit of depositors in the individual ledger.

The total of checks certified to-day as reported by the paying teller is $29,064. Enter to the credit of Certified Checks as explained March 1.

Checks of depositors have been received by the paying teller and turned over to the individual bookkeeper as shown on the paying teller's daily check sheet. Enter these items in the individual ledger as explained March 1.

Charge tickets have been received from the paying teller on account of certified checks. Refer to the certified check book for the amounts and enter them in the individual ledger.

Checks of depositors have been received by the receiving teller, entered on his check sheet, and turned over to the individual bookkeeper. A list of these checks with the names of the drawers is given below. Enter these items in the individual ledger.

Wyckoff, Seamans & Benedict, $6200, $2400; Mace, Gilmore & Co., $1100; F. E. Sherman, $3262.90; C. E. Selover & Co., $3040.50; J. O. Baker, $6270, $5210; Thomas Bennett & Co., $5450; E. V. Buckley & Son, $9250; Powers & Sprague, $1600; Lane, Rowell & Co., $14,270, $640.70 · Fernald, Son & Co., $12,200; Spencer, Mead & Co., $750, $2500.

The following depositors' checks have come in from the clearing house.

D. E. Avery, $1205; J. O. Baker, $916; Thomas Bennett & Co., $500; E. V. Buckley & Son, $702.50; J. H. Crandall, $19,500; Decker Bros., $620.50; C. E. Denison, $40.90; Fields Milling Co., $700; Freeman, Austin & Co., $1200; E. L. Howard, $240; Janis, Cooper & Tremper, $700, $800; Lane, Rowell & Co., $1200, $1500; Mace, Gilmore & Co., $5260; W. I. Pratt, $60; Powers & Sprague, $75.90; C. E. Selover & Co., $370.50; Spencer, Mead & Co., $2160; Wyckoff,

Seamans & Benedict, $17,300; F. E. Sherman, $1764; Certificate of Deposit, $2500; Certified Checks, $17,500.

Certified checks are credited when issued and debited when paid. Debit Certified Checks for the $17,500 above and show the payment in the certified check book.

The correspondence clerk has turned over the following depositors' checks received from out-of-town banks.

D. B. Roberts, $1272.50; Charles J. Kennedy, $1100.40; Fernald, Son & Co., $1500.90; Spencer, Mead & Co., $1100.50; Wyckoff, Seamans & Benedict, $7250.

Extend the balances of the customers' accounts in the individual ledger. Foot and prove the individual ledger.

Present your individual ledger to your instructor for approval.

Transactions for the General Bookkeeper, March 2

Make the records in the general cash book as outlined March 1.

1. Enter the items from the discount register.
2. Enter the items from the discount tickler.
3. Enter the items from the remittance register.
4. Enter the items from the individual ledger.
5. From the collection tickler credit Collection and Exchange for our collection charges on collections Nos. 723, 726, 742, and 743.
6. From the receiving teller's daily check sheet credit Collection and Exchange for the collection items listed there.
7. From the paying teller's daily check sheet debit Expense for the total expense items, and credit Collection and Exchange for the totals of the *Sundry Collection and Exchange* and *Exchange* columns.

Prove the cash. The amount of bills and coin on hand is $215,819.76. Clearing-house checks on hand amount to $49,710. Cash items (city and foreign) on hand amount to $7848.10.

Rule and foot the general cash book. Post the general cash book to the general balance ledger. Extend the new balances on the general balance ledger. Prove the general balance ledger.

Present all your books to your instructor for approval.

Transactions for the Discount Clerk, March 3

The following paper has been offered and accepted for discount.

No. 932. Note of Mason & Hamlin, at 30 days from Feb. 24, payable at our bank, discounted for J. O. Baker, for $2500. Proceeds credited.

No. 933. Note of Zaner & Bloser, at 60 days from Jan. 25, payable at our bank, discounted for Fields Milling Co., for $4250. Proceeds credited.

No. 934. Note of Gilbert Bros., at 30 days from March 1, payable at Commercial Bank, Rochester, N.Y., indorsed by Cushman Bros., discounted for Freeman, Austin & Co., for $5250. Collection and exchange, $5.25. Proceeds credited.

No. 935. Note of D. Appleton & Co., at one month from Feb. 25, payable at First National Bank, Springfield, indorsed by M. E. Graham, discounted for E. L. Howard, for $7352. Collection and exchange, $7.35. Proceeds credited.

No. 936. Note of M. O. White, at two months from Feb. 1, payable at Traders National Bank, Buffalo, discounted for D. E. Avery, for $9000. Collection and exchange, $9. Proceeds credited.

No. 937. Note of D. B. Roberts, at three months from Jan. 1, discounted for C. E. Selover & Co., payable at our bank, for $7000. Collection and exchange, $7. Proceeds credited.

No. 938. Note of C. A. Wesp, at three months from Jan. 1, discounted for C. E. Denison, payable at Commercial Bank, Rochester, N.Y., for $8750. Collection and exchange, $8.75. Proceeds credited.

Rule and foot the discount register. Prove the footings. Post the entries to the discount tickler.

Transactions for the Collection Clerk, March 3

The following is a list of the paper received for collection to-day.

No. 819. Sight draft dated March 1, on Walker Bros., City, for $12,265. To be collected for Traders National Bank, Buffalo.

No. 820. Sight draft dated March 1, on Morgan & Allen, City, for $5723.60. To be collected for Manufacturers and Traders Bank, Philadelphia.

No. 821. Sight draft dated March 1, on Gilman & Brown, City, for $7321. To be collected for Ninth National Bank, Hartford.

No. 822. Sight draft dated March 2, on Healey & Kinsley, City, for $3721.50. To be collected for Chase National Bank, Providence.

No. 823. Sight draft dated March 2, on F. E. Smith, City, for $2129.74. To be collected for Farmers Bank, Albany.

No. 824. Note signed by Curtis & Bender, dated Feb. 8, at 30 days, payable at Merchants National Bank, City, for $5625. To be collected for Alliance National Bank, Springfield.

No. 825. Note signed by Arnold & Co., payable two months from Jan. 4, at Park Square National Bank, City, for $1365. To be collected for Spencer, Mead & Co.

No. 826. Note signed by Ray & Co., payable at 60 days from Jan. 4, at Union Trust Co., City, for $3000. To be collected for J. O. Baker.

No. 827. A draft dated Jan. 8, at 60 days from date, on Joiner & Co., payable at Briggs Bank, Westfield, for $175.40. To be collected for Thomas Bennett & Co.

No. 828. Draft dated Feb. 1, at 30 days from date, on Houghton & Dutton, City, for $426.50. To be collected for J. H. Crandall.

No. 829. Sight draft dated March 3, on E. L. Grant, City, in favor of Freeman, Austin & Co., for $725. To be collected for Freeman, Austin & Co.

No. 830. Note of Gardner & Son, at 30 days from Feb. 16, payable at Park Square National Bank, City, with interest, for $2000. To be collected for Wyckoff, Seamans & Benedict.

No. 831. Note of Frank Miller, at three months from Jan. 1, for $1724.50, payable at Union Trust Co., City. To be collected for Farmers Bank, Albany.

No. 832. Note of I. A. Wilcox, at two months from Feb. 2, payable at Merchants Bank, St. Louis, Mo., with interest, for $3000. To be collected for Chase National Bank, Providence.

Post the collection register to the collection tickler.

Transactions for the Receiving Teller, March 3

The following are the regular deposits for to-day.

Wyckoff, Seamans & Benedict, √ $4900, B $1700, B $1200, B $1400, × $1100, #61 $750, #4 $300; less collection, $1.10.

Certificate of Deposit, √ $200, √ $400.

Spencer, Mead & Co., #7 $500, #9 $1720.40, #21 $850.60.

F. E. Sherman, √ $500, B $1900, B $5273.50.

C. E. Selover & Co., #27 $60, √ $300, B $1950, #3 $1430.40.

J. O. Baker, √ $1100, B $1340, #11 $1500, #7 $1324.

Thomas Bennett & Co., × $1590.40; less collection, $1.60.

Decker Bros., × $2462.50; less collection, $2.45.

E. V. Buckley & Son, √ $4900, √ $60, #12 $2163.40.

D. E. Avery, × $1590.60; less collection, $1.60.

J. H. Crandall, B $11,290, B $14,360; #7 $9353.60, O $240.50, O $130.60.

Freeman, Austin & Co., O $7320, #9 $12,950, #14 $7110.50.

Charles J. Kennedy, √ $5800, × $1724.50; less collection, $1.75.

C. E. Denison, √ $4900, √ $16.50, #1 $1150.60, #7 $1200, #15 $1900, #31 $6200.

Fernald, Son & Co., √ $2400, B $500, B $6000.

Fields Milling Co., × $240, × $1200, × $1500; collection, $2.95, paid in cash.

Janis, Cooper & Tremper, × $1500, × $3000; collection, $4.50, paid in cash.

Powers & Sprague, √ $1100, √ $260, × $5000, × $50.32; collection, $5, paid in cash.

Lane, Rowell & Co., O $1212.50.

Foot the columns of the receiving teller's daily check sheet. Make out *Recapitulation and Proof* blank.

Balance on hand: coin, $848.95; bills, $18,800. You have given to the paying teller during the day $7200.

Transactions for the Paying Teller, March 3

The following are lists of checks paid by the paying teller to-day.

1. Checks on our bank:

Certificate of Deposit, $1000; E. L. Howard (New York draft), $562.50; Mace, Gilmore & Co. (New York draft), $1100; W. I. Pratt (New York draft), $4150; Spencer, Mead & Co. (New York draft), $62.50; Freeman, Austin & Co., $6409.50; E. V. Buckley & Son, $4150.90; D. B. Roberts, $9250; F. E. Sherman, $800; Lane, Rowell & Co., $2150; E. L. Howard, $8790.50.

2. Checks on clearing-house banks:

Old Colony National Bank, $1200; Park Square National Bank, $1500; Bunker Hill National Bank, $2100; Suffolk National Bank, $1100.50; Colonial National Bank, $3160; Shoe and Leather Bank, $3750; Third National Bank, $900; Metropolitan National Bank, $2160.50; Citizens National Bank, $1325; Eliot National Bank, $5260; New England National Bank, $150; Mechanics Bank, $52.60.

3. Checks on out-of-town banks:

Traders National Bank, Buffalo, $400; collection, 50¢. Bank of Commerce, Baltimore, $160, $200; collection, 40¢. Manufacturers and Traders Bank, Philadelphia, $750, $1200; collection, $2. Fourth National Bank, Chicago, $500, $1500; collection, $2. Merchants Bank, New York City, $1200, $1100; collection, $2.25. Farmers Bank, Albany,

$100; collection, 15¢. Union Bank, Albany, $400, $200; collection, 75¢. Merchants and Traders Bank, Providence, $1500; collection, $1.50. Peoples Bank, Worcester, $1200; collection, $1.25.

4. Checks on banks in our city not members of the clearing-house association:

Powers Bank, $400.

Sold the following drafts on Chemical National Bank, New York.

1. Sold for check:

E. L. Howard, $562; exchange, 50¢. Mace, Gilmore & Co., $1098.90; exchange, $1.10. W. I. Pratt, $4145.85; exchange, $4.15. Spencer, Mead & Co., $62.25; exchange, 25¢.

2. Sold for cash:

Smith, Perkins & Co., $1475; exchange, $2. Hendricks & Son, $1100; exchange, $1.25. Hopkins & Weeks, $350; exchange, 50¢. E. V. Rhodes, $100; exchange, 25¢.

Certified the following checks:

Freeman, Austin & Co., $1200; C. E. Selover & Co., $3200; Thomas Bennett & Co., $2700.

Pay cashier's charge tickets for the following items:

Coal, $42.50; telephone service, $40.50; cleaning bank, $9.50.

The items for the *Sundry Receipts* column are as follows:

Bills and coin from yesterday's proof, $187,006.03; bills and coin received from the receiving teller at the close of yesterday's business, $18,712; bills and coin received from the receiving teller during the day, $7200; bills and coin received from the note teller at the close of yesterday's business, $10,101.73; received from the clearing house for to-day's exchanges, $14,503.50.

Make out the paying teller's proof. Cash on hand, $174,451.06.

Foot the certified check book.

Submit your paying teller's records to your instructor for approval.

Transactions for the Note Teller, March 3

Make records in the discount tickler for the paper disposed of to-day. In the *Remarks* column write:

For No. 897, *Protested.*

For No. 882, *Paid, 3/3.*

For No. 883, *Certified, C. N. B.*

For No. 875, *Certified, S. & L. B.*

Rule and foot the discount tickler.

Advices have been received that the following collections have been paid. Make the proper records in the collection tickler. In the *Remarks* column write:

For No. 752, *Charged to Alliance National Bank. Bank's collection, 75¢; our collection, 75¢.*

For No. 757, *Charged to Traders National Bank. Bank's collection, $1.75; our collection, $2.*

Collections Nos. 765, 819, 820, 829, 822, 823, and 828 have been paid. In the *Remarks* column of the collection tickler write:

For No. 765, *Paid, 3/3.*

For No. 819, *Paid, 3/3; collection, $12.25.*

For No. 820, *Paid, 3/3; collection, $5.75.*

For No. 829, *Paid, 3/3.*

For No. 822, *Paid, 3/3; collection, $3.75.*

For No. 823, *Paid, 3/3; collection, $2.15.*

For No. 828, *Paid, 3/3.*

Collection No. 821 has been protested. In the *Remarks* column write: *Protested, 3/3; fees, $3.25.*

Transactions for the Correspondence Clerk, March 3

This morning's mail contained the following remittances from the banks named, for credit:

Chemical National Bank, New York	$1350.25
Alliance National Bank, Springfield	3200.90
Traders National Bank, Buffalo	3160.50
Bank of Commerce, Baltimore	4200.
Manufacturers and Traders Bank, Philadelphia	7371.80
Chase National Bank, Providence	5150.20
Ninth National Bank, Hartford	2625.80
Fourth National Bank, Chicago	1200.52

The following are drafts on Chemical National Bank, New York, as per stubs in the draft book.

No. 441, $562; No. 442, $1098.90; No. 443, $1475; No. 444, $4145.85; No. 445, $1100; No. 446, $100; No. 447, $350; No. 448, $62.25.

Enter the above drafts in the draft register. Foot the draft register and credit Chemical National Bank in the remittance register for the total. Check the amount transferred.

We have this day made the following remittances to out-of-town banks for collection. In the *To Whom Sent* column of the tickler write the name of the bank to which the paper is sent. No other record is needed at this time. Discounts Nos. 921 and 928 sent to Alliance National Bank, Springfield; discount No. 926 sent to Fourth National Bank, Chicago; discount No. 929 sent to Ninth National Bank, Hartford; discount No. 925 sent to Manufacturers and Traders Bank, Philadelphia; collection No. 827 sent to Traders National Bank, Buffalo.

We have this day made the following remittances to out-of-town banks for credit.

To Farmers National Bank, Albany.

Check of Sears & Co., dated Feb. 27, on Farmers Bank, indorsed by J. W. Cook, for $100; check of Ginn & Co., dated Feb. 27, on Union Bank, Albany, indorsed by Day Bros., for $400; check of Talton Bros., dated Feb. 26, on Union Bank, Albany, indorsed by Howard & Brown, for $200; check of Seymour & Co., dated Feb. 25, on First National Bank, Albany, indorsed by Wyckoff, Seamans & Benedict, for $1100.

To Chemical National Bank, New York.

Check of C. G. Warner & Co., dated Feb. 25, on Ninth National Bank, Brooklyn, indorsed by Thomas Bennett & Co., for $1590.40; check of W. C. Lord, dated Feb. 26, on Second National Bank, Brooklyn, indorsed by Decker Bros., for $2462.50; check of W. L. Howard, dated Feb. 24, on Merchants Bank, New York City, indorsed by Frey & Co., for $1200; check of A. L. Allen, dated Feb. 25, on Merchants Bank, New York City, indorsed by S. C. Williams, for $1100; check of M. M. Shea, dated Feb. 26, on City National Bank, New York, indorsed by D. E. Avery, for $1590.60.

To Manufacturers and Traders Bank, Philadelphia.

Draft of Union Bank, Poughkeepsie, dated Feb. 25, on Bank of the Republic, Philadelphia, indorsed by Charles J. Kennedy, for $1724.50; draft of City Bank, Utica, dated Feb. 25, on First National Bank, Philadelphia, indorsed by Fernald, Son & Co., for $1500; draft of Merchants Bank, Rochester, N.Y., dated Feb. 25, on Manufacturers and Traders Bank, indorsed by Smith & Co., for $1200; draft of Commercial Bank,

Buffalo, dated Feb. 26, on Manufacturers and Traders Bank, indorsed by John Stuart, for $750.

To Traders National Bank, Buffalo, N.Y.

Check of J. W. Cody, dated Feb. 27, on Traders National Bank, indorsed by Charles Good, for $400; check of W. D. Adams, dated Feb. 27, on Central National Bank, Rochester, N.Y., indorsed by Fields Milling Co., for $1200; check of W. D. McKay, dated Feb. 25, on Merchants Bank, Rochester, N.Y., indorsed by Fields Milling Co., for $240.

To Bank of Commerce, Baltimore.

Check of C. W. Smith, dated Feb. 24, on Bank of Commerce, indorsed by C. W. White, for $160; check of Perdy & Co., dated Feb. 23, on Bank of Commerce, indorsed by Allen & Co., for $200; check of Carter & Co., dated Feb. 24, on Central Bank, Baltimore, indorsed by Janis, Cooper & Tremper, for $3000; check of Clay & Co., dated Feb. 25, on Bank of Commerce, indorsed by Janis, Cooper & Tremper, for $1500.

To Fourth National Bank, Chicago.

Draft of Briggs Bank, Westfield, dated Feb. 23, on Commercial Bank, Chicago, indorsed by Powers & Sprague, for $50.32; draft of Merchants Bank, Providence, dated Feb. 24, on Central National Bank, Chicago, indorsed by Powers & Sprague, for $5000; check of Simpson & Frey, dated Feb. 24, on Fourth National Bank, indorsed by Frost & Co., for $500; check of W. A. Harris, dated Feb. 24, on Fourth National Bank, indorsed by W. W. West, for $1500.

To Chase National Bank, Providence.

Check of Graham & Co., dated Feb. 25, on Merchants and Traders Bank, Providence, indorsed by C. W. Hunter, for $1500; check of White, Hayes & Co., dated Feb. 24, on Chase National Bank, indorsed by Chemical National Bank, New York, for $1350.25.

To Alliance National Bank, Springfield.

Check of Hyde & Page, dated Feb. 27, on Peoples Bank, Worcester, indorsed by Fourth National Bank, Chicago, for $1200.52.

The note teller has advised you of the following charges to banks.

Alliance National Bank, Springfield, proceeds of collection No. 752, $721.75; Traders National Bank, Buffalo, proceeds of collection No. 757, $1748. 25.

Letter of Advice and Remittance. — When banks remit by New York draft for collections a form similar to the following is used.

F. E. ROGERS, President — CHAS. H. PALMER, Cashier — S. C. WILLIAMS, Vice President

The Chemical National Bank

New York, Feb. 28, 19__

H. W. Closs, Esq., Cashier
Colonial National Bank
Boston, Mass.

Dear Sir,—Please find herewith our draft No. 7125 on The National Bank of Redemption for $7714.78 in payment of collections as stated below.

YOUR NO.	DATE OF YOUR LETTER		PAYER	AMOUNT	
614	Feb.	1	R. W. Hall	1050	
720		10	B. E. Williams	972	50
724		10	A. B. Frey & Son	700	
792		14	C. W. Snow & Co.	5000	
			Total collected	7722	50
			Less Collection and Exchange	7	72
			Amount remitted	7714	78

Very respectfully yours
Chas. H. Palmer, Cashier

The note teller has also advised you that the following collections have been paid and the proceeds credited to the banks named.

Proceeds of No. 752, credited to Traders National Bank, Buffalo, $721; proceeds of No. 757, credited to Alliance National Bank, Springfield, $1746.25; proceeds of No. 819, credited to Traders National Bank, Buffalo, $12,252.75; proceeds of No. 820, credited to Manufacturers and Traders Bank, Philadelphia, $5717.85; proceeds of No. 822, credited to Chase National Bank, Providence, $3717.75; proceeds of No. 823, credited to Farmers Bank, Albany, $2127.59.

The note teller advises that collection No. 821 has been protested and the protest fees, $3.25, charged to Ninth National Bank, Hartford.

Extend the balances in the remittance register.

Transactions for the Individual Bookkeeper, March 3

Enter the deposits from customers in the individual ledger from the receiving teller's daily check sheet.

The note teller has turned over credit tickets for the proceeds of collection paper, collected for depositors to-day as follows: Nos. 765, 828, and 829. Enter the proceeds of these collections in the individual ledger.

Credit tickets have also been received from the note teller for paper discounted for customers to-day. Enter these notes to the credit of depositors directly from the discount register.

The total of checks certified to-day, as reported by the paying teller, is $7100. Enter this amount to the credit of Certified Checks.

Checks of depositors have been received by the paying teller and turned over to the individual bookkeeper, as shown on the paying teller's daily check sheet. Enter these items in the individual ledger.

Charge tickets have been received from the paying teller on account of certified checks. Refer to the certified check book for these amounts, and enter them in the individual ledger.

Checks of depositors have been received by the receiving teller, entered on his sheet, and turned over to the individual bookkeeper. A list of these, with the names of the drawers, is given below. Enter the items in the individual ledger.

Spencer, Mead & Co., $1900; Wyckoff, Seamans & Benedict, $5273.50, $1950, $14,360; E. V. Buckley & Son, $1400, $1200; C. E. Selover & Co., $1700; Fernald, Son & Co., $1340; Powers & Sprague, $500; Decker Bros., $11,290; F. E. Sherman, $6000.

Checks of depositors have come in from the clearing house as follows:

Wyckoff, Seamans & Benedict, $17,700; Spencer, Mead & Co., $15,000, $1800; F. E. Sherman, $960.50; C. E. Selover & Co., $300; D. B. Roberts, $750; Powers & Sprague, $1200; Janis, Cooper & Tremper, $2400; Mace, Gilmore & Co., $1500; Lane, Rowell & Co., $1250; D. E. Avery, $900; J. O. Baker, $1700; Thomas Bennett & Co., $3100; E. V. Buckley & Son, $9150.60; J. H. Crandall, $45,120; Decker Bros., $15,200; C. E. Denison, $25,300; Fernald, Son & Co., $1300; Fields Milling Co., $10,500.

The correspondence clerk has turned over depositors' checks received from out-of-town banks.

Wyckoff, Seamans & Benedict, $625.80, $2000; Charles J. Kennedy, $150.20, $2500; W. I. Pratt, $2500.

Extend the balances of customers' accounts in the individual ledger. Foot and prove the individual ledger.

Transactions for the General Bookkeeper, March 3

Make the records in the general cash book for the following.

1. Items from the discount register.
2. Items from the discount tickler.
3. Items from the remittance register.
4. Items from the individual ledger.
5. From the collection tickler credit Collection and Exchange for our collection charges on the following collections: Nos. 752, 757, 819, 820, 822, and 823.
6. From the receiving teller's daily check sheet credit Collection and Exchange for the collection and exchange items listed there.
7. From the paying teller's daily check sheet debit Expense for the total expense items, and credit Collection and Exchange for the totals of the *Exchange* and *Sundry Collection and Exchange* columns.
8. From the collection tickler credit Protest Fees for $3.25, the notary's charges for protesting collection No. 821.
9. From the discount tickler debit Protested Paper for discount No. 897, $29,900.

Note. — Nearly all national banks have some bank official qualified as a notary public. In the majority of cases this official receives all protest fees which are paid to the bank for protesting paper. He is usually a person of high standing in the bank, such as cashier, discount clerk, etc. When these fees go to an official of the bank they are charged to Protest Fees in the general balance ledger. At the end of any given period the notary may draw such fees by check. No protest fees are entered on discount No. 897 at this time. They are not recorded until collected, unless they are charged to an out-of-town bank.

Prove the cash. The amount of bills and coins on hand is $222,624.52; clearing-house checks, $33,997.04; cash items, $15,229.20.

Rule and foot the general cash book. Post the general cash book to the general balance ledger. Extend the new balance in the general balance ledger. Prove the general balance ledger.

Submit your book to your instructor for approval.

Closing the Banking Set

Inventories, March 3, 19—

Real Estate :	
Banking house and lot	$27000
Furniture and Fixtures :	
Estimated value	$12500
United States Bonds :	
At cost	$200000
Stocks and Bonds :	
Present value	$63750
Interest and Discount :	
Accrued on United States bonds	$650

Trial Balance. — No trial balance is necessary in this set, as the general balance ledger is in itself a trial balance of the general ledger accounts of the bank.

Dividends. — It is customary for national banks to declare dividends semiannually and close their books. Before any dividend can be declared every national bank must carry at least one-tenth part of its net profits for the half-year immediately preceding to its surplus fund, until the same shall amount to 20% of its capital stock. After the surplus fund has been deducted the directors may declare a dividend of so much of the profits remaining as they deem expedient.

Statement of Resources and Liabilities. — A statement of resources and liabilities is usually made out daily in all large national banks. Such a statement gives the condition of *all* the general ledger accounts of the bank, together with a detailed exhibit of the cash account. All items of information entered on this statement are properly classified, thus furnishing data for the computation of the bank's reserve, and for the necessary reports to the Comptroller of Currency. The National Bank Act also requires that every national bank shall make to the Comptroller of the Currency not less than five reports during each year. These reports must be made in accordance with a prescribed form and be published in a newspaper where the bank is established. They exhibit in detail the resources and liabilities of the bank, the amount of each dividend, and the net earnings in excess thereof.

In this set you will make but one general statement of resources and liabilities. Carefully study the form given on pages 78 and 79, and then proceed to make your statement of resources and liabilities.

Statement of

Commercial National Bank,

Resources				
Cash			305107	32
Bills and Coin	243700	37		
Exchanges for Clearing House	55166	50		
Cash Items (City and Foreign)	6240	45		
Bills Receivable			412950	40
Bills Discounted	405750	40		
Protested Paper	7200			
Stocks and Bonds			259500	
U.S. Bonds with U.S. Treasurer (per inventory)	150000			
Premium on U.S. Bonds	6000			
Other Stocks and Bonds (per inventory)	103500			
Properties			22700	
Real Estate (per inventory)	17500			
Fixtures (per inventory)	5200			
Out-of-Town Banks, Dr.			22940	60
Due from Reserve Agents			100000	
United States Treasurer			8500	
5% Redemption Fund	7500			
Due from U.S. Treasurer	1000			
Overdrafts			620	40
			1132318	72

Statement of

Commercial National Bank,

Losses				
Current Expenses			5700	93
Salaries, due and paid	4500			
Taxes, due and paid	960			
Incidental Expenses, total paid	240	93		
Depreciation			650	
Furniture and Fixtures	150			
Real Estate	500			
Dividends, 4% of Capital Stock			*16000*	
Surplus Fund, 10% of Net Gain			*2415*	*02*
Undivided Profits, balance of Net Gain			*5735*	*14*
			30501	09

Resources and Liabilities

Boston, Mass., March 3, 19__

Liabilities				
Capital Stock			400000	
Surplus Fund			93530	16
Undivided Profits			9250	60
Circulation			150000	
Out-of-Town Banks, Cr.			12650	90
Deposits			442596	90
Cashier's Checks	4050	90		
Certificates of Deposit	17500			
Certified Checks	19295	60		
Individual Deposits	401750	40		
Protest Fees			140	
Undivided Profits (Net Gain)			*24150*	*16*
			1132318	72

Losses and Gains

Boston, Mass., March 3, 19__

Gains				
Revenue Receipts			29501	09
Interest and Discount, net amount earned	16500	69		
Collection and Exchange, net amount earned	12500	40		
Interest (per inventory), due on U.S. Bonds	500			
Stocks and Bonds, increase in value			1000	
			30501	09

Hand your statement of resources and liabilities to your instructor for approval.

Statement of Losses and Gains. — Preparatory to declaring dividends and closing the ledger make a statement of losses and gains. Before proceeding with this statement carefully study the form given on pages 78 and 79. The net gain will be divided as follows: To Dividend account, 4% of the capital stock; to Surplus Fund, 10% of the net gain; to Undivided Profits, the balance of the net gain.

Hand your statement of losses and gains to your instructor for approval.

Closing the Ledger. — When a bank employs the form of ledger used in this set, the loss and gain accounts should be closed by journal entries.

To take the gains out of the several gain accounts and carry them to the Loss and Gain account, an entry similar to the following should be made in the journal.

	Interest and Discount	Net amount earned	16500	69		
	Collection and Exchange	Net amount earned	12500	40		
	Stocks and Bonds	Increase in value	1000			
	Interest	Due on U.S. bonds	500			
	To Loss and Gain	Total gains			30501	09

To take the losses out of the several loss accounts and carry them to the Loss and Gain account, an entry similar to the following should be made in the journal.

	Loss and Gain	Total losses	6350	93		
	To Expense	Incidental expenses			240	93
	Salaries	Due and paid			4500	
	Taxes	Due and paid			960	
	Real Estate	Depreciation			500	
	Furniture and Fixtures	Depreciation			150	

To close the Loss and Gain account, an entry similar to the following should be made in the journal.

	Loss and Gain	Net gain	24150	16		
	To Dividends	4% of capital stock			16000	
	Surplus Fund	10% of net gain			2415	02
	Undivided Profits	Balance of net gain			5735	14

After making the necessary entries to close the loss and gain accounts post them to the general balance ledger.

Dividends are usually paid by cashier's checks. Dividend account is debited and Cashier's Checks account is credited when dividends are

paid. You will omit the dividend checks, as no list of stockholders has been given.

Extend the new balances in the general balance ledger.

Prove the general balance ledger.

Prove the correctness of the out-of-town banks ledger by an abstract similar to the following.

Abstract of Out-of-Town Banks Ledger, March 3, 19__

	1	Union Bank, Troy			906
	2	Traders National Bank, Buffalo	7200	50	
	3	Chemical National Bank, New York	31250	50	
	4	Merchants Bank, Philadelphia	2692	50	
	5	Mechanics National Bank, Baltimore	1790	50	
	6	City Bank, Providence			1200
	3.	*Balance as per Out-of-Town Banks in G. B. L.*			*40828*
			42934		42934

See if Deposits account in the general balance ledger agrees with the individual ledger.

Prove the discount tickler. The total of the unpaid notes shown in the discount tickler should equal the balance of Bills Discounted account in the general balance ledger.

Present all your books to your instructor for examination.

THE CLEARING HOUSE

A **Clearing House** is an institution organized by associated banks to simplify and facilitate daily exchanges of items and settlements of balances resulting from such exchanges.

Many clearing-house associations also look after the mutual welfare of their members by prescribing rules to govern in various important matters; as, uniform rates of collection and exchange, interest, etc.

Origin. — Before clearing houses were organized each bank in a given city had to keep an account with practically every other commercial bank in that city. Statements of these accounts were made up daily and given to "runners," who took them, together with the items of charge, to the debtor banks for settlement. All amounts were usually paid in gold. In the larger cities this work was very laborious and unsatisfactory. To facilitate matters these runners conceived the idea of meeting at a given point and adjusting balances. From these first crude gatherings has sprung the stupendous clearing-house system.

The **Officers** of a clearing-house association are usually president, vice president, secretary, treasurer, manager, and clearing-house committee. Frequently there are one or more special committees; as, conference committee, nominating committee, arbitration committee, etc.

Preparing Exchanges for Delivery. — When exchangeable paper is received at a bank it is classified according to the bank at which it is payable. The work of assorting the items for delivery to the clearing house is facilitated by the use of a case of compartments. This case is provided with a compartment for each member of the clearing house. The compartments are designated by the clearing-house numbers of the banks. Before the items are placed in these compartments they are stamped with the receipted indorsement usually required by clearing-house associations. The form of this indorsement is not always the same, but it should always indicate the channel through which the paper has passed.

Received Payment
through the
Boston Clearing House,
Feb. 16, 19—.
Winthrop National Bank.

The above is a common form of indorsement used for items paid through the clearing house.

At the close of the day, or at intervals during the day, the exchanges are taken from the compartments, and the amounts listed on a blank entitled *Exchange Slip*, as shown in the accompanying illustration.

EXCHANGE SLIP

NO. 22

COMMERCE

FROM NO. 24

Date Feb. 16, 19—

5240			
750			
900	10		
7565	50		
950	75		
3642	50		
900			
6500			
142	38		
9	51		
1200	90		
560			
28361	64		
750			
50			
90			
29251	64		

The first total on the exchange slip represents the amount of exchanges received by No. 24 before the close of banking hours on Feb. 15, to be sent to the clearing house the following day. The additional items represent the morning exchanges which are received by mail or among the deposits before ten o'clock. The second total is, then, the amount of claims carried to the clearing house by No. 24, Faneuil Hall National Bank, against No. 22, the National Bank of Commerce.

A separate exchange slip, appropriately labeled, is prepared for each member of the clearing house.

Duplicate lists of all items taken to the clearing house are made by the bank and preserved for future reference.

The totals of the exchange slips are next copied on a blank entitled *Settling Clerk's Statement.*

The **Settling Clerk's Statement** contains a printed list of the names and numbers of all the banks connected with the clearing-house association. The first debit column of this sheet is usually made up from the exchange slips at the close of each business day, thus completing the heaviest part of the work the day before clearing. On the morning of clearing the second debit column is filled out from the final totals of the exchange slips. The credit column is

Settling Clerk's Statement

No. 37. NATIONAL BANK OF REDEMPTION

Tuesday, May 20, 19—

NO.	BANKS	FIRST DEBIT		ADDITIONS		TOTAL DEBIT		BANKS CR.		NO.
1	Massachusetts National	65198	11					29827	71	1
2	National Union	29767	29					19569	67	2
3	Old Boston National	13413	12					1904	81	3
4	State National	74646	39					46131	40	4
5	New England National	87391	81					79384	68	5
12	Atlantic National	17604	30					19678	91	12
13	Merchants National	92694	99					122665	24	13
15	National Hamilton	40635	19					20446	16	15
17	Second National	92069	05					199060	35	17
18	Atlas National	71649	76					30921	52	18
20	National Shawmut	642618	69					385833	63	20
21	National Exchange	84249	17					77924	75	21
22	Nat'l B'k of Commerce	130984	52					249681	75	22
24	Faneuil Hall National	39426	09					5206	56	24
25	National Webster	1950	83					2251	64	25
26	Eliot National	214234	96					248014	63	26
28	Suffolk National	85573	82					39980	14	28
31	Freemans National	9192	09					19651	61	31
32	Boylston National	6854	45					13825	75	32
37	Nat'l B'k Redemption									37
39	First National	12132	91					66300	81	39
41	Nat'l B'k of Republic	171745	26					123536	76	41
43	Mt. Vernon National	6345	06					2614	90	43
46	National Security	8697	70					10800	38	46
49	Central National	89203	36					25580	27	49
50	Colonial National	21438	57					12175	44	50
51	Fourth National	36105	94					102526	31	51
52	Metropolitan National	13667	09					5600	66	52
53	Winthrop National	67338	76					10159	08	53
55	Mechanics National	8947	19					13280	66	55
56	Commercial National	14849	40					13940	64	56
100	Boston Clearing House	165844	36					411388	32	100
	Footings	2416470	23					2409865	14	
		6605	09	Balance		Gain		6605	09	
		2409865	14					2416470	23	

left blank to be filled out at the clearing house when each settling clerk has received from the various members all the items to be paid by his bank.

When the exchange slips have been completed, and the amounts have been transferred to the settling clerk's statement, each slip is attached to the package of items which it represents.

NOTE. — The Boston banks have the settling clerk's statement arranged with four columns, but these banks usually make use of but two columns, as shown on page 84. Where but two columns are used only the final totals of the exchange slips are copied on the settling clerk's statement.

The Check Ticket. — The amounts of the exchange slips are also entered on *Check Tickets*. A check ticket is made out for each member of the clearing-house association and delivered to the proper settling clerk at the clearing house to enable him to check off the amounts he receives from other banks, in case there is an error.

No. 26

Eliot National Bank

From No. 51

Fourth National Bank

$ 282,301.90

The Credit Ticket. — Before going to the clearing house the settling clerk foots and proves the *Total Debit* column of the settling clerk's statement. If this footing is correct it should agree with the totals of the clearing-house checks on the receiving, paying, and note tellers' and correspondence clerk's daily check sheets. When this footing has been proved correct the settling clerk enters it on a *Credit Ticket*.

Form of Credit Ticket

CREDIT TICKET

No. 21. BOSTON CLEARING HOUSE

Feb. 16, 19—

Credit

National Exchange Bank $1,302,234.41

J. H. Bender, Settling Clerk

How Non-Members clear. — Besides the regular members, there are a number of trust companies that make their clearings at the Boston

Clearing House through the agency of other banks which are members. These non-members keep adequate funds on deposit at their clearing bank, as a compensation for services rendered and as a guarantee against loss. They prepare their exchanges in practically the same manner as the regular members, but deliver their packages of items to their agents for deposit instead of to the clearing house for settlement. These agents classify and distribute the paper of the non-members just as they do the regular items received on deposit. The return exchanges for non-members at the clearing house are delivered to the clearing agents just as if they were payable by them. After these items are charged to the non-members by the clearing agents they are promptly transmitted by runners to the banks where they are to be paid.

Procedure in making Clearings. — Each business day at ten o'clock the exchanges take place between the banks. About five minutes before the hour designated the clerks begin to arrive. These clerks are usually two in number, each bank sending to the clearing house a delivery clerk and a settling clerk. On his arrival at the clearing house the settling clerk leaves at the desk of the proof clerk, sitting in the manager's office, his credit ticket showing the amount of exchanges with which his bank is to be credited. The proof clerk immediately transcribes this amount under *Banks Cr.* on a blank called the *Clearing-House Proof*, as illustrated on page 87.

The aggregate of the credit tickets presented to the proof clerk represents the total exchanges sent in by the various banks, and is called *Credit Exchanges.*

The desks in a clearing house are usually arranged in long rows, one desk being provided for each member. At one minute before ten o'clock the manager sounds a gong as a signal for the clerks to take their proper places. The settling clerks occupy their separate desks on the inside of the counter, while the delivery clerks form on the outside with their exchanges arranged for convenient distribution. Promptly at ten o'clock the manager again sounds the gong, and the delivery of the exchanges begins. Each delivery clerk advances, one desk at a time, with military precision. At each desk he hands over to the settling clerk the exchange package for that particular bank. At the same time, in an opening in the desk provided for that purpose, he deposits a check ticket, corresponding in amount to the amounts listed on the exchange slips. The settling clerk takes the amount on the exchange slips and enters it to the credit of the proper bank on his own statement. After the circuit has been completed each delivery clerk is at

Boston Clearing House Proof

Tuesday, May 20, 19—

NO.	BANKS	BALANCES DUE TO CLEARING HOUSE		EXCHANGES BANKS DR.		BANKS CR.		BALANCES DUE TO THE BANKS		NO.
1	Massachusetts National	137116	61	691195	70	554079	09			1
2	National Union	37417	48	391522	85	354105	37			2
3	Old Boston National	86101	85	243422	29	157320	44			3
4	State National			454779	21	567671	69	112892	48	4
5	New England National			190038	36	240816	86	50778	50	5
12	Atlantic National			146654	11	227212	02	80557	91	12
13	Merchants National	132056	29	1351212	39	1219156	10			13
15	National Hamilton	54170	54	395649	79	341479	25			15
17	Second National			613635	51	1104116	94	490481	43	17
18	Atlas National	102568	01	398617	81	296049	80			18
20	National Shawmut	335824	88	4109685	56	3773860	68			20
21	National Exchange	38771	98	938973	65	900201	67			21
22	Nat'l B'k of Commerce			908658	45	1174063	77	265405	32	22
24	Faneuil Hall National	23898	97	189501	57	165602	60			24
25	National Webster			54331	39	65216	89	10885	50	25
26	Eliot National	89495	03	1196253	14	1106758	11			26
28	Suffolk National	94489	10	690275	61	595786	51			28
31	Freemans National			111167	50	155111	74	43944	24	31
32	Boylston National			68422	21	81747	05	13324	84	32
37	Nat'l Bank Redemption			2409865	14	2416470	23	6605	09	37
39	First National	122675	28	539383	18	416707	90			39
41	Nat'l Bank of Republic			1086691	28	1279888	23	193196	95	41
43	Mt. Vernon National	11046	74	76455	77	65409	03			43
46	National Security	4121	63	74626	44	70504	81			46
49	Central National	68804	57	317969	52	249164	95			49
50	Colonial National	3338	12	262315	20	258977	08			50
51	Fourth National			371878	03	476835	03	104957		51
52	Metropolitan National	2830	85	78607	03	75776	18			52
53	Winthrop National			210240		230718	68	20478	68	53
55	Mechanics National	34286	67	108049	77	73763	10			55
56	Commercial National	14493	34	144410	69	129917	35			56
100	Boston Clearing House			1816532	10	1816532	10			100
	Aggregates	1393507	94	20641021	25	20641021	25	1393507	94	

the point from which he started, and the settling clerk has on his desk exchange packages received from each of the other banks. Being now at liberty, each delivery clerk gathers up the packages against his bank, usually called *Debit Exchanges*, and returns with them, while the settling clerks remain until the clearing-house proof has been made.

After the amounts of all the exchange packages have been properly entered, the settling clerk proceeds to foot his statement and ascertain the amount his bank is to receive or pay. He then makes out a balance ticket, which is sent to the proof clerk's desk. This ticket shows the total exchanges brought to and received at the clearing house, together with the balance to be received or paid by his bank.

Form of Balance Ticket

BALANCE TICKET

No. 1. BOSTON CLEARING HOUSE

Feb. 16, 19__

Dr. **Massachusetts National Bank,** Am't Rec'd, $*245,137.32*

Cr. " " " Am't Bro't, $*302,234.41*

Balance $~~~~~~~~~~~~~~~~~~~~due Clearing House, $

Balance due the Massachusetts National Bank, $ *57,097.09*

J. H. Bender, Settling Clerk

When the proof clerk receives the balance tickets from the several settling clerks he immediately transcribes the debit exchanges (the amount received by any bank) in the *Banks Dr.* column, and the difference between the debit and credit exchanges in the *Due Banks* or the *Due Clearing House* column, as the case may be, on the clearing-house proof. The credit exchanges having been previously entered, the proof clerk now proceeds to complete his proof. As the total exchanges brought must be the same as the total exchanges taken away, the debit and credit columns of the proof should agree if the work is correct, as also the total due banks and the total due the clearing house.

While the preparation of the proof is in progress the settling clerks are verifying their work by means of check tickets. If there are no

errors in the clearing-house proof the manager announces the fact and the settling clerks return to their banks. If there is an error, and this is not infrequently the case, the proof clerk announces the difference to the manager. The manager then announces the difference to the settling clerks, who proceed to search for it. When this announcement is made the settling clerks have usually completed a revision of their statements, and can many times locate discrepancies as soon as they are announced by the manager.

Various methods are resorted to in locating differences. Usually the manager calls for an exchange of sheets to the right or to the left for an examination of footings, and in cases where an error in entry is apparent the amounts are called back. This revision is final, and if the additions are correct it must make the proof balance.

The accompanying Clearing-House Proof and Settling Clerk's Statement are actual forms used in transactions at the Boston Clearing House.

Debtor and Creditor Banks. — Thus far no money has entered into the exchanges at the clearing house. The clearing, however, is not yet complete. If the total of the items brought to the clearing house by any particular bank is less than the total of the items brought by other banks against it, the bank owes the clearing house the difference between such totals. On the other hand, if the items brought to the clearing house by any bank are greater than the totals brought against it, that bank is entitled to receive from the clearing house the difference between such totals. To complete the clearing, therefore, it is necessary to make settlement for the debit and credit balances.

Form of Manager's Receipt

RECEIPT TICKET

No. 50. BOSTON CLEARING HOUSE

March 3, 19__

Received from COLONIAL NATIONAL BANK

Twenty-seven Thousand Nine Hundred Sixty $\frac{54}{100}$ **Dollars**

in full for balance due the Clearing House.

$27,960.54

C. A. Ruggles, **Manager**

At 12.15 P.M. each day except Saturday, and then at 11.30 A.M., the debtor banks must pay to the manager at the clearing house the balances due from them respectively, either in coin or in such other currency as the laws of the United States shall require, or in such certificates as shall be authorized by the clearing-house association, excepting sums less than one thousand dollars, which may be paid in bills of the debtor banks.

Receipts signed by the manager are given to the banks making the payments. (See page 89.)

At 1.30 P.M. each day except Saturday, and then at 12 M., the creditor banks shall receive from the manager at the clearing house the balances due them respectively.

Receipts signed by the cashiers of the creditor banks are given to the manager of the clearing house.

Form of Cashier's Receipt

NATIONAL SECURITY BANK

$ *24,640.93* Boston, *March 25,* 19__

Received from C. A. RUGGLES, Manager of the Boston Clearing House, by *Robert W. Grant* , Messenger of this Bank, *Twenty-four Thousand Six Hundred Forty* $\frac{93}{100}$ Dollars, being the amount gained by this Bank to-day at the Clearing House.

W. A. Hinman, Cashier

Should any bank not make payment as provided, the manager causes a new settlement to be made and new balances to be ascertained, by eliminating from the settling sheet of each and every bank all the amounts charged or credited thereon to the defaulting bank and also the debit and credit amounts on the settling sheet of the defaulting bank. The new balances as thus ascertained are the balances to be settled by the several banks. In case some of the banks have paid the balances first ascertained such banks are called upon to make an adjustment with the clearing-house manager.

Immediately after the new settlements have been made each bank is called upon to deliver to the manager all the items which were received

from the defaulting bank, or in lieu thereof the money, which items or money the manager tenders to the defaulting bank and demands all the items received by the defaulting bank at the clearing house. The items received from the defaulting bank by the manager are then returned to the respective banks from which they originally came.

Scale of Fines. — The following is the scale of fines prescribed by the Boston Clearing House.

1. For disorderly conduct of any clerk at the clearing house, or disregard of the manager's rules and instructions, for each offence	$4
2. For any clerk failing to attend punctually at the hour for making exchanges	4
3. Debtor banks, failing to pay their balances before a quarter past twelve o'clock	3
4. Any error in the credit ticket (that is, the amount brought)	2
5. Errors in making the balance ticket (that is, the amount received) [1]	2
6. Failing to deliver check tickets before twenty minutes past ten o'clock	1
7. All other errors	2

LETTERS OF CREDIT

Definition. — A letter of credit is an instrument issued by a banker, and addressed to his correspondents in specified places, by which a named person may draw funds in amounts to suit his convenience, upon his complying with certain requirements, such as identifying himself, etc., the total amount drawn not to exceed the amount limited by the letter of credit.

To whom issued. — Letters of credit are usually issued for the use of travelers in foreign countries, to save the transmission of money from one part of the world to another, thus avoiding the risk necessarily incident to carrying real money about.

How Funds are obtained. — When a letter of credit is issued to a traveler he is required to subscribe his name on the document in the banker's presence, as a means of identification later on. Other copies of the signature are sometimes left and forwarded to the leading foreign bankers drawn upon. When the traveler desires funds he will present

[1] Thirty minutes is allowed for the morning settlement, and for each additional fifteen minutes' detention $2 is added to this sum.

his letter to the proper banker at the place where he may be staying. The letter itself always specifies the banks that will honor the draft. When the letter is presented to a foreign banker for payment, he draws a sight draft on the London banker specified, which draft the traveler is required to sign. If the signatures on the letter and the draft are identical, the amount desired is promptly paid and indorsed on the back of the letter. Payment is usually made upon the simple identification of comparison of signatures. The indorsements on the back of the letter show at all times the balance available for the traveler. The bank making the last payment retains the letter to send to the drawees in London.

Brown Brothers & Co.'s Circular Letter of Credit

No. 7215 *Boston, Mass., March 6, 1906*

Gentlemen:

We beg to introduce to you Mr. John C. Morris, to whom you will please furnish such funds as he may require up to the aggregate amount of Five Hundred pounds sterling against demand drafts on Messrs. Brown, Shipley & Co., London, each draft to be plainly marked as drawn under Brown Brothers & Co.'s Letter of Credit No. 7215.

We engage that such drafts shall meet with due honor in London, if negotiated before the 6th of March, 1907, and request you to buy them at the rate at which you purchase demand drafts on London.

The amount of each draft must be inscribed on the back of this letter, and to this we wish to call your special attention. This letter itself should be canceled and attached to the final draft drawn.

Please see to it that the drafts be signed in your presence and carefully compare the signature with the one below.

We are, Gentlemen

Your obedient servants

£500. *Brown Brothers & Co.*

To Messieurs
the bankers mentioned
on the third page of
this letter of credit.

The signature of
John C. Morris.

This letter to be surrendered with the last draft hereunder.

The Reverse or Back of the Letter of Credit

Indorsements once made hereon, of payments, must be allowed to remain without alteration or erasure. Care should therefore be taken to understand exactly about payments desired, before inscribing amounts below. On the payment of any sum exhausting this credit, this letter must be surrendered by the holder and attached by the banker negotiating the draft to the said draft.

DATE WHEN PAID		BY WHOM PAID	NAME OF TOWN	AMOUNT STERLING WRITTEN IN WORDS	AMOUNT IN FIGURES		
					£	*s.*	*d.*
1906							
April	2	Union Bank	London	Seventy-five pounds	75	—	—
	20	Credit Lyonnais	Paris	Twenty-five pounds	25	—	—
May	5	Mendelssohn & Co.	Berlin	Ten pounds	10	—	—
	20	Anglo-Austrian Bank	Vienna	One hundred pounds	100	—	—
June	5	Banca Commerciale Italiana	Rome	One hundred pounds	100	—	—
July	25	Filiale der Dresdner Bank	Hamburg	Ninety pounds	90	—	—
Aug.	15	Brown Brothers & Co.	Boston	One hundred pounds	100	—	—
					500	—	—

NOTE. — On the pages following, in a regular letter of credit, are the names of towns and cities, and banks therein, any one of which will advance money upon the letter of credit. The list includes banks in all parts of the world.

In what Funds usually drawn. — Letters of credit are usually drawn payable in pounds sterling; but they are paid in the current money of the country in which they are negotiated. They pass everywhere as cash, since any banker in the world would usually be very willing to buy a reliable sterling draft on London. Thus with a letter of credit a traveler can make a trip around the world with no more real money on his person than is necessary to meet immediate local expenses.

Commission Charges. — The cost to the purchaser for a letter of credit is usually about 1% of the amount of issue, though no letter will be issued for less than $5.

REVIEW QUESTIONS

1. Briefly outline the duties of the discount clerk. 2. When is collection and exchange charged on paper discounted? 3. When paper is accepted for discount, upon what book is it first entered? 4. Explain how to post the footings of the discount register. 5. Explain the purpose and use of the discount tickler. 6. What

is the law in your state with reference to notes, etc., falling due on Sunday or a legal holiday? 7. Briefly outline the duties of the collection clerk. 8. State the sources from which a bank receives paper for collection. 9. What kind of sight paper should not be entered in the collection register? Why? 10. Explain the purpose and use of the collection register; the collection tickler. 11. Briefly outline the principal duties of the receiving teller. 12. In examining paper deposited, what are the things that should be particularly noted by the receiving teller? 13. Should paper payable to "bearer" be indorsed before deposited? Why? 14. Explain a method of classifying items on the deposit ticket. 15. On what class of checks does a bank charge collection? 16. Explain the purpose and use of the receiving teller's daily check sheet. 17. Explain the manner of proving the receiving teller's daily check sheet. 18. Briefly outline the principal duties of the paying teller. 19. When paper is presented for payment, what should the paying teller examine very critically? Why? 20. Should the amount expressed in figures on any given check differ from the amount expressed in writing, which amount would the paying teller be justified in paying? Why? 21. What is a certified check? 22. Do banks ever certify checks in excess of a depositor's account? 23. In what particulars is a check stronger after certification than it was before? In what respects is it the same? 24. What is the purpose of a certified check book? 25. Why is a bank draft better than a check for making payments out of town? Explain fully. 26. Explain fully the purpose and use of the paying teller's daily check sheet. 27. Explain the manner of proving the paying teller's daily check sheet. 28. Briefly outline the principal duties of the note teller. 29. When are bills discounted that have been sent away for collection charged to the banks to which they are sent? 30. For what purpose are notes, drafts, etc., certified? 31. In your state are notes, etc., made payable at a bank charged to the depositor's account at maturity, or is it usual for business men to pay this paper by check? 32. When is a note or other negotiable paper protested? 33. Explain the method of protesting paper. 34. What is a notice of protest? 35. To what officer are notary fees usually paid? 36. Briefly outline the principal duties of the correspondence clerk. 37. What is the purpose of the draft register? How is it posted? 38. What two books are combined in the remittance register. 39. Explain fully the purpose and use of the remittance register. 40. How is the remittance register posted? How proved? 41. Briefly outline the principal duties of the individual bookkeeper. 42. From what sources does the individual bookkeeper get his items for entry in the individual ledger? 43. Explain the use of the individual ledger. 44. How is the individual ledger proved? 45. Explain how an overdraft is treated in the individual ledger. 46. What books are generally kept by the general bookkeeper? 47. Explain the use of the general balance ledger. 48. Name all the sources from which items are obtained for entry in the general cash book. 49. Define (*a*) letter of credit; (*b*) clearing house; (*c*) dividends; (*d*) surplus fund. 50. Give a three-minute talk on clearing-house associations; on letters of credit.

APPENDIX A

NOTES ON FORMS OF RECORD

Discount Register. — The column headings in the Discount Register may vary slightly in different banks, and, in addition to those shown in the text, may include the time or tenor of the paper. Many banks carry the *Liability Ledger* also, in which is recorded against the name of each customer the paper on which that customer's name appears as maker or indorser.

Collection Tickler. — Since collection items must be recorded individually, not in totals as checks are recorded, the bookkeeping incidental to collection items requires more entries. As the Collection Register or the Collection Tickler can be handled only by one clerk at a time, many banks are substituting for these books a carbon system, and an individual record in duplicate is made of each item, on slips of convenient size. This record is identical with that contained in the bound registers when these books are used.

At maturity the *fate* of each piece is recorded on these slips, and the bookkeepers post to the accounts directly from them; the slips are then filed away as a permanent record.

Receiving Teller's Daily Check Sheet. — That part of the bookkeeping which is done by the receiving teller has three distinct objects: first, to prove the deposit ticket; second, to subdivide the checks into convenient groups for a final settlement by the other departments of the bank; third, in the accomplishment of these results, to handle the checks as few times as possible. This subdivision is best accomplished by the *block* or *batch* system. Under this system the currency is verified and the indorsements noted by the teller, but the addition is not proved. A clerk assorts the checks into the several divisions or departments of the bank and makes a total of each list on an adding machine; a recapitulation proves the amount of the ticket. The most extended division is made of those checks which are received in the greatest number.

Remittance Register and Out-of-Town Banks Ledger. — Many banks omit from this register the columns headed *Indorser*, *Payer*, and *Where Payable*, as this information, when needed, is secured from the book or record of original entry.

An exact copy of these inter-bank transactions is made and forwarded monthly to each out-of-town bank correspondent. This form of statement is known as the *account current*. The reconcilement form, the form or statement by which the accounts of one bank are reconciled with those of another bank (see illustration, p. 97), is the form used by the Bank Examiner.

Letters are used to indicate the nature of certain entries, as follows: *D* for drafts, *N* for notes, and *C* for collections.

As a means of avoiding the writing of names many times, banks have devised what is termed a *transit number*. A prefix number is used to designate a certain city or state, and each bank is also given a certain number. For instance, the Webster

and Arlas Bank, of Boston, is designated as 5-25, *5* indicating the city, and *25* the bank. Banks print the designated number on all their checks.

As a convenience for the student the fuller explanatory terms are retained in the blanks used with this set.

Individual Ledger. — Many different systems are in use for keeping the accounts of the depositors. The one given in the text is the most convenient for the use of the student in the classroom.

The loose-leaf system is finding a place in many banks. Each account is given a separate sheet, and as a sheet is filled, the balance is transferred to a new sheet, and the old one is filed away. At the end of the year these sheets are bound and constitute an individual ledger for the year.

The loose-leaf system has two special advantages, namely, the *dead* or *inactive* accounts are easily and readily set aside and a proof is quickly made at the end of the day by writing the balances on an adding machine.

The introduction of adding and duplicating machines has greatly enlarged the use of loose-leaf devices, and tends to lessen the labor involved in handling many details.

Reconcilement Form

The First National Bank of Chicago, Ill.

In Account with Potomac National Bank, of Baltimore
(Please write the Name and Address here)

To H. L. Droegemueller, Auditor
First National Bank
Chicago, Ill.

4/5 19

Your statement of account rendered to April 1 showing balance of $25,422.16 due us has been examined and agrees with our books as per reconcilement noted below.

Geo. H. Jackson, Auditor
(This must be signed by some one whose signature we have on file)

DATE		We Debit (not in your account)				DATE		We Credit (not in your account)			
3	3	C. Jones		16	22	3	22	Note Smith		400	
								C Jones		27	16
		Our Remittances in Transit									
	28		1	120	16						
	29		2	210	42						
		In returning this Reconcilement please *inclose*, seal, and mail *only* in envelope herewith addressed to **H. L. Droegemueller, Auditor**						Total Drafts Issued (Outstanding)			
						3	6	#1622		124	10
							7	1623		500	
		You Debit (not on our Books) (State whether since Credited by you)						You Credit (not on our Books) (State whether since Debited by you)			
3	14	Ret.		220	16		18	C		224	
		1st Chicago, Balance	25	422	16			Our Balance	27	713	86
		Total	$28	989	12			Total	$28	989	12

Correspondents will confer a favor by filling up and returning the above blank. In reporting outstanding items be particular to state *Date* of Charge or Credit and also *whether since charged or credited by you*. In referring to Remittances please advise *Date* of letter.

Certificate of Protest

Commonwealth of Massachusetts

County of Suffolk }
City of Boston } ss. ———————

On the tenth day of December, in the year of our Lord one thousand nine hundred and twelve, **I,** *W. A. Witler,* **Notary Public,** *duly admitted and sworn, and practicing in said Commonwealth, at the request of Leigh H. Burson,* **Esq., Cashier** *of the Commercial National Bank, went with the original note, which is hereunto annexed, the time therein limited having fully elapsed, and demanded payment thereof at the Excelsior National Bank, and was answered by the Paying Teller, "No funds."*

The note remaining unpaid, I duly and officially notified the indorsers thereof at the following addresses:

Roslyn & Brown, 92 West St., City,
B. W. Hosten & Co., Newton, Mass.,

(postage prepaid) of said default requiring payment.

Wherefore, *I, the said* **Notary,** *by request as aforesaid, have protested and by these presents do solemnly protest, against the drawer of said note, the indorser, and all others concerned therein, for exchange, re-exchange, and all costs, charges, damages, and interest, suffered and sustained, or to be suffered and sustained, by reason or in consequence of the non-payment thereof.*

SEAL

In Testimony Whereof, *I have hereunto set my hand and affixed my Notarial Seal, the day and year first above written.*

FEES

Noting Non-Acceptance . . .	
Postage	
Protesting for Non-Payment .	$1.50
Postage	.04
	$1.54

W. A. Witler
Notary Public

Notice of Protest

Commercial National Bank

Boston, Mass., Dec. 10, 19—

Roslyn & Brown
92 West St., City

Dear Sirs:

You are hereby notified that a note for Nine Hundred Sixty $\frac{50}{100}$ Dollars drawn by Leeker, Burr & Co., and indorsed by you, dated Sept. 10, 19—, payable three months after date, has been protested by me for non-payment after due demand at the Excelsior National Bank this day, and that you are held answerable for the amount, with all legal costs, interests, and damages in consequence of the non-payment thereof.

Respectfully yours

W. A Witler
Notary Public

APPENDIX B

COMMERCIAL TERMS DEFINED

Acceptance. The name of an accepted draft; an agreement, by signature, to the terms named in the draft.

Account Current. An open or a running account; a detailed statement of transactions between two persons or two firms.

Account Sales. An itemized statement of sales and expenses, rendered by a commission merchant to his principal.

Acknowledgment. A formal admission, made before a notary or other qualified officer, that the act described was done voluntarily; the officer's certificate of such admission.

Affidavit. A written statement made under oath.

Agent. One who acts for, or in place of, another, by authority from him; a deputy.

Assignee. One appointed by another to do some act or to enjoy some right; generally, one to whom property is transferred for the benefit of the creditors.

Attachment. A seizure or taking into custody by virtue of a legal process.

Auditor. A person appointed to examine accounts.

Bankrupt. Any person whose property becomes liable to administration under the bankruptcy laws.

Bill of Lading. A receipt of a transportation company, containing an account of the goods shipped and the conditions of shipment.

Bill of Sale. A writing given by the seller of personal property to the buyer.

Board of Trade. In the United States, a voluntary organization of business men for the advancement of commercial interests.

Bona Fide. In good faith.

Bond. A written promise under seal, binding a person to do a certain thing or not to do it.

Bonus. Something given in addition to what is strictly due the recipient.

Broker. An agent between buyer and seller; a dealer on the stock exchange.

Capital. The investment in a business.

Cashier. One who has charge of money; in banks, the financial officer.

Certified Check. A check that has been accepted by the bank on which it is drawn, thereby making the bank security for its payment.

Clearing House. An institution in a city where daily settlements are made between banks by the mutual exchange of checks, drafts, etc., the difference between such exchanges being paid in cash.

Collateral. A security additional to the personal obligation.

Common Carrier. One who undertakes the office of carrying either goods or persons for hire.

Copartnership. The voluntary association or joining of two or more persons in a business enterprise. The same as partnership.

Copyright. A right of control granted by a government to an author or a publisher.

Coupon. A certificate of interest due, printed at the bottom of transferable bonds, designed to be cut off and presented for payment when the interest is due.

Credit Memorandum. A notice sent to a purchaser stating that an allowance has been made for goods returned, or for other causes.

Deed. A contract under seal, usually transferring the title of real estate.

Depreciation. A falling of value.

Dishonor. A refusal to pay an obligation when due, or to accept a draft when presented for acceptance.

Dividend. The allotment to each stockholder in the division of profits.

Drayage. Charges for conveying goods from one place to another.

Exchange. The method by which debts are discharged without the actual transference of money; the rate at which such exchange can be made.

Extension. An allowance of further time for the payment of a debt.

Fixtures. That part of the furnishings of a store or an office which is not movable.

Footing. The adding of a column of figures, or the result of such addition.

Forgery. The writing of another's name, as a signature, with fraudulent intent, or the altering of a written document.

Franchise. A certain right or privilege, granted by a government to individuals or corporations.

Freight. Compensation paid for the transport of goods or other property; that with which anything is laden for transportation.

Good Will. The value, in a business, of established reputation or patronage.

Guaranty. An agreement by which one person promises to make another secure in the possession or enjoyment of something; a security against loss.

Honor. To accept a draft, or to pay it when due.

Income. The total amount of the earnings and the receipts of money from all sources.

Index. An alphabetical table of contents.

Indorse. To write one's name on the back of a note, a check, or a draft; to record a partial payment on the back of a note.

Installment. A sum of money paid in stated portions.

Insurance. Indemnity against loss; the premium paid for insuring.

Jobber. A merchant who buys goods from importers and manufacturers, and sells to either wholesale or retail merchants.

Liquidation. Act or process of settling debts.

Lease. A contract, usually in writing, for the temporary possession of real estate or other property.

Letter of Credit. A letter usually issued by a bank, addressed to banks in foreign cities, directing payment of a stated amount to the holder. Such letters are usually carried by travelers.

Manifest. An invoice of a ship's cargo.

Mercantile Agency. An institution which obtains and furnishes information regarding mercantile enterprises, their financial standing, their business reputation, etc.

Money. Current coin; any circulating medium.

Mortgage. A conditional transfer of the title to real estate or chattels as security for the payment of a debt.

Negotiate. To treat with another with a view to reaching an agreement; to transfer for a valuable consideration.

Net. Clear of all charges or deductions.

Notary. A public officer who takes acknowledgments of legal documents and protests paper for nonpayment.

Open Account. A running or an unsettled account.

Open Policy. An insurance policy covering undefined risks and admitting of subsequent indorsements or additions.

Outstanding Accounts. Book accounts remaining unpaid.

Overdrawn. A term applied to a bank account when a check has been issued for an amount greater than one's credit balance.

Patent. An exclusive right to an invention, issued by a government.

Pawnbroker. One who makes a business of lending money on personal property pledged and in his keeping.

Power of Attorney. A legal authority to act for another.

Premium. The consideration paid for a contract of insurance; a sum or bonus in addition to the capital.

Protest. A formal notice, issued by a notary to the indorser or the indorsers of a note or draft, of the nonpayment of a note or a draft, or the nonacceptance of a draft.

Quotations. The published or current prices of stocks, bonds, or any commodity.

Rebate. An allowance for overcharge, for early payment, or for other reasons.

Receiver. A person appointed by the court to hold in trust property which is the subject of litigation, pending the suit; or one who is appointed to wind up the affairs of a partnership or a corporation on its dissolution.

Retail. To sell in small quantities.

Short-extend. To enter individual amounts at the left of the money column, to be extended in total in the money column.

Sinking Fund. A fund set apart for the redemption of bonds or for other specific uses.

Sundries. Many different or small things.

Syndicate. A combination of capitalists who unite their resources to advance some specific business enterprise.

Tariff. A lawful rate of duty on imports.

Terms. Conditions of sale or of agreement.

Tickler. A book containing memoranda of all time paper, and arranged so as to serve for a reminder to pay or to collect.

Trustee. One intrusted with property for another.

Underwriter. One who insures.

Valid. Binding in law.

Void. Not binding in law.

Way Bill. A document containing a description and shipping directions of goods sent by railroad.

Wholesale. Selling large quantities, usually in unbroken packages.

INDEX

PAGE

Abstracts, out-of-town banks ledger 81
Auxiliary books
  Customers' bill book 21
  Discount ledger 21
  Dividend book 14
  Installment book 14
  Minute book 14
  Offering book 21
  Stock certificate book 14
  Stock ledger 14
  Stock transfer book 14
  Subscription book 14
Balance ticket 88
Bank, definition of 1
Bank accounting, books for 14
Banks
  Expenses of 2
  Kinds of 2
  Profits of 2
  Utility of 1
Cash book, model forms of . . . 52, 53
Cashier's check 29
Cashier's receipt 90
Certificate of deposit 28
Certified check 35
Certified check book 36
Charge ticket 46
Charging notes 38
Check ticket 85
Clearing house
  Definition of 82
  Exchanges of 82
  Officers of 82
  Origin of 82
Clearing-house proof 87
Collection charges 25
Collection clerk
  Duties of 25
  Work for . . . 22–26, 56, 57, 67, 68
Collection register
  Description of 21, 22
  Model form of 20, 21
Collection tickler
  Description of 22
  Model form of 22, 23
Correspondence clerk
  Duties of 40
  Work for 41–46, 59–64, 71–75
Credit exchange 86
Credit ticket 49, 85

PAGE

Debit exchange 88
Deposit ticket 30
Discount clerk
  Duties of 15
  Work for . . . 16–21, 55, 56, 66, 67
Discount register
  Description of 15
  Model form of 16, 17
Discount tickler
  Description of 15, 16
  Model form of 16, 17
Dividends 77, 80
Draft register 43
Exchange slip 83
General balance ledger
  Description of 51
  Model form of 51
General bookkeeper
  Duties of 52
  Work for 52–55, 66, 76–81
Individual bookkeeper
  Duties of 48
  Work for . . . 48–50, 65, 66, 75, 76
Individual ledger
  Description of 46, 47
  Model form of 47
Letters
  Accompanying paper remitted for collection and credit . . . 61
  Accompanying paper remitted for collection and returns . . . 64
  Advising that collections have been credited 39
  Advising remittance of cash items for credit 42
  Making remittance 74
Letters of credit
  Description of 91–93
  Model form of 92, 93
Manager's receipt 89
National banks
  Capital stock of 3
  Circulating notes of 5
  Clerks of 7
  Corporate powers of 6
  Distinguishing features of . . . 2
  Officers of 7
  Organization of 3
  Redemption fund of 5
  Restrictions upon 6
  Tax on circulation of 5

PAGE

Note teller
Duties of 37
Work for . . . 38, 39, 59, 60, 70, 71
Opening entries for national banks 8, 9
Paying teller
Duties of 35
Work for . . . 36, 37, 58, 59, 69, 70
Paying teller's daily check sheet and proof
Description of 31, 34
Model form of 32, 33
Private banks
Functions of 12
Organization of 12
Protection to creditors of . . . 12
Protest
Certificate of 98
Fees 76
Notice of 99
Protested paper 70, 76
Receiving teller
Duties of 28
Work for . . . 30, 31, 57, 58, 68, 69

PAGE

Receiving teller's daily check sheet and proof
Description of 28
Model form of 27
Reconcilement, form of 97
Remittance register and out-of-town banks ledger
Description of 40, 41
Model form of 40, 41
Review questions 12
Runners 38
Settling clerk's statement 84
Special agents 44
State banks
Compared with national banks . 11
Contrasted with national banks . 11
Organization of 11
Statements, model forms of . . . 78, 79
Surplus fund 77, 80
Trust companies
Business of 10
Organization of 10
Undivided profits 80